

DONELAN, CLEARY, WOOD & MASER, P C

ATTORNEYS AND COUNSELORS AT LAW

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August 7, 1991

1-219A019
17473
RECORDATION NO. _____ FILED 1425

AUG 7 1991 -10 22 AM

INTERSTATE COMMERCE COMMISSION

The Honorable Sidney L. Strickland, Jr.
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

17473
RECORDATION NO. _____ FILED 1425

Dear Secretary Strickland:

AUG 7 1991 -10 22 AM

INTERSTATE COMMERCE COMMISSION

Enclosed for recordation, under the provisions of 49 U.S.C. §11303(a) and the regulations thereunder, are three (3) fully executed and acknowledged original copies each of an Equipment Lease Agreement dated as of July 31, 1991, a primary document, and a Lease Supplement No. 1 dated as of July 31, 1991, a secondary document.

The names and addresses of the parties to the enclosed documents are:

Lessor: The CIT Group/Equipment Financing, Inc.
270 Park Avenue
New York, NY 10017

Lessee: Union Pacific Railroad Company
1416 Dodge Street
Omaha, Nebraska 68179

A description of the railroad equipment covered by the enclosed documents is set forth in Schedule I attached hereto and made a part hereof.

The undersigned is the attorney-in-fact for purposes of this filing. Please return the original of the enclosed document to John K. Maser III, Esquire, Donelan, Cleary, Wood & Maser, P.C., Suite 850, 1275 K Street, N.W., Washington, D.C. 20005-4006 or the bearer hereof.

Handwritten signature: John K. Maser III

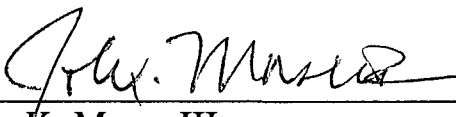
DONELAN, CLEARY, WOOD & MASER, P. C.
The Honorable Sidney L. Strickland, Jr.
August 7, 1991
Page 2

Also enclosed is a remittance in the amount of \$30.00 for the required recording fee.

A short summary of the enclosed documents to appear in the Commission's Index follows:

Equipment Lease Agreement, dated as of July 31, 1991, and Lease Supplement No. 1, dated as of July 31, 1991, between The CIT Group/Equipment Financing, Inc., Lessor, and Union Pacific Railroad Company, Lessee, covering 191 mechanical refrigerated railroad boxcars bearing UPFE marks and numbers.

Respectfully submitted,

By: 
John K. Maser III
Attorney-in-Fact

Enclosures

1210-020

DONELAN, CLEARY, WOOD & MASER, P. C.

ATTORNEYS AND COUNSELORS AT LAW

SUITE 850

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1-210A010

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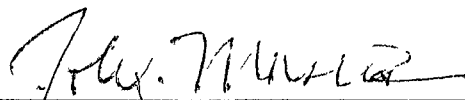
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Respectfully submitted,

By: 

John K. Maser III
Attorney-in-Fact

Enclosures

1210-020

Schedule I

Part A

MECHANICAL REFRIGERATED RAILROAD BOXCARS

NEW UPFE CAR NUMBER	OLD UPFE CAR NUMBER	DATE RELEASED FROM POCATELLO	MONTH ADDED TO FORM 865
UPFE 462001	UPFE 460325	01/22/91	02/91
UPFE 462002	UPFE 460408	01/22/91	02/91
UPFE 462003	UPFE 460248	01/31/91	02/91
UPFE 462004	UPFE 460512	01/25/91	02/91
UPFE 462005	UPFE 460141	01/25/91	02/91
UPFE 462006	UPFE 460126	01/23/91	02/91
UPFE 462007	UPFE 460318	01/23/91	02/91
UPFE 462008	UPFE 460284	01/24/91	02/91
UPFE 462009	UPFE 460511	01/28/91	02/91
UPFE 462010	UPFE 460528	01/28/91	02/91
UPFE 462011	UPFE 460489	01/29/91	02/91
UPFE 462012	UPFE 460536	01/29/91	02/91
UPFE 462013	UPFE 460288	01/30/91	02/91
UPFE 462014	UPFE 460315	01/30/91	02/91
UPFE 462015	UPFE 460240	01/31/91	02/91
UPFE 462016	UPFE 460268	01/31/91	02/91
UPFE 462017	UPFE 460138	02/01/91	02/91
UPFE 462018	UPFE 460573	02/26/91	03/91
UPFE 462019	UPFE 460243	02/01/91	02/91
UPFE 462020	UPFE 460481	02/04/91	02/91
UPFE 462021	UPFE 460167	02/05/91	02/91
UPFE 462022	UPFE 460437	02/05/91	02/91
UPFE 462023	UPFE 460156	02/06/91	02/91
UPFE 462024	UPFE 460301	02/04/91	02/91
UPFE 462025	UPFE 460488	02/06/91	02/91
UPFE 462026	UPFE 460633	02/07/91	02/91
UPFE 462027	UPFE 460668	02/07/91	02/91
UPFE 462028	UPFE 460296	02/08/91	02/91
UPFE 462029	UPFE 460263	02/08/91	02/91
UPFE 462030	UPFE 460534	02/11/91	02/91
UPFE 462031	UPFE 460636	02/12/91	02/91
UPFE 462032	UPFE 460696	02/12/91	02/91
UPFE 462033	UPFE 460265	02/13/91	02/91
UPFE 462034	UPFE 460379	02/15/91	02/91
UPFE 462035	UPFE 460670	02/11/91	02/91
UPFE 462036	UPFE 460402	02/13/91	02/91
UPFE 462037	UPFE 460461	02/14/91	02/91
UPFE 462038	UPFE 460150	02/14/91	02/91
UPFE 462039	UPFE 460421	02/15/91	02/91
UPFE 462040	UPFE 460467	02/14/91	02/91
UPFE 462041	UPFE 460639	02/19/91	03/91
UPFE 462042	UPFE 460290	02/20/91	03/91
UPFE 462043	UPFE 460626	02/21/91	03/91
UPFE 462044	UPFE 460168	02/19/91	03/91
UPFE 462045	UPFE 460182	02/21/91	03/91
UPFE 462046	UPFE 460465	02/22/91	03/91
UPFE 462047	UPFE 460688	02/22/91	03/91
UPFE 462048	UPFE 460433	02/25/91	03/91

UPFE 462049	UPFE 460373	03/06/91	03/91
UPFE 462050	UPFE 460191	02/21/91	03/91
UPFE 462051	UPFE 460298	03/05/91	03/91
UPFE 462052	UPFE 460164	02/25/91	03/91
UPFE 462053	UPFE 460614	03/01/91	03/91
UPFE 462054	UPFE 460695	02/26/91	03/91
UPFE 462055	UPFE 460618	03/01/91	03/91
UPFE 462056	UPFE 460510	03/06/91	03/91
UPFE 462057	UPFE 460631	03/06/91	03/91
UPFE 462058	UPFE 460151	03/07/91	03/91
UPFE 462059	UPFE 460452	03/07/91	03/91
UPFE 462060	UPFE 460146	03/08/91	03/91
UPFE 462061	UPFE 460119	03/08/91	03/91
UPFE 462062	UPFE 460154	03/11/91	03/91
UPFE 462063	UPFE 460384	03/11/91	03/91
UPFE 462064	UPFE 460426	03/12/91	03/91
UPFE 462065	UPFE 460217	03/12/91	03/91
UPFE 462066	UPFE 460675	03/13/91	03/91
UPFE 462067	UPFE 460418	03/13/91	03/91
UPFE 462068	UPFE 460664	03/14/91	03/91
UPFE 462069	UPFE 460189	03/14/91	03/91
UPFE 462070	UPFE 460184	03/25/91	04/91
UPFE 462071	UPFE 460110	03/15/91	03/91
UPFE 462072	UPFE 460283	03/18/91	04/91
UPFE 462073	UPFE 460340	03/18/91	04/91
UPFE 462074	UPFE 460386	04/05/91	04/91
UPFE 462075	UPFE 460143	03/19/91	04/91
UPFE 462076	UPFE 460548	03/19/91	04/91
UPFE 462077	UPFE 460662	03/20/91	04/91
UPFE 462078	UPFE 460125	03/20/91	04/91
UPFE 462079	UPFE 460194	03/21/91	04/91
UPFE 462080	UPFE 460672	03/21/91	04/91
UPFE 462081	UPFE 460595	03/22/91	04/91
UPFE 462082	UPFE 460552	03/22/91	04/91
UPFE 462083	UPFE 460410	03/25/91	04/91
UPFE 462084	UPFE 460287	03/25/91	04/91
UPFE 462085	UPFE 460591	03/26/91	04/91
UPFE 462086	UPFE 460385	03/26/91	04/91
UPFE 462087	UPFE 460590	04/01/91	04/91
UPFE 462088	UPFE 460582	03/27/91	04/91
UPFE 462089	UPFE 460438	04/01/91	04/91
UPFE 462090	UPFE 460669	04/01/91	04/91
UPFE 462091	UPFE 460462	04/01/91	04/91
UPFE 462092	UPFE 460187	04/03/91	04/91
UPFE 462093	UPFE 460547	04/01/91	04/91
UPFE 462094	UPFE 460560	04/02/91	04/91
UPFE 462095	UPFE 460602	04/03/91	04/91
UPFE 462096	UPFE 460163	04/02/91	04/91
UPFE 462097	UPFE 460153	04/02/91	04/91
UPFE 462098	UPFE 460676	04/08/91	04/91
UPFE 462099	UPFE 460203	04/04/91	04/91
UPFE 462100	UPFE 460491	04/04/91	04/91
UPFE 462101	UPFE 460522	04/05/91	04/91
UPFE 462102	UPFE 460580	04/08/91	04/91
UPFE 462103	UPFE 460605	04/09/91	04/91
UPFE 462104	UPFE 460274	04/09/91	04/91
UPFE 462105	UPFE 460173	04/10/91	04/91
UPFE 462106	UPFE 460656	04/12/91	04/91
UPFE 462107	UPFE 460347	04/11/91	04/91
UPFE 462108	UPFE 460289	04/11/91	04/91
UPFE 462109	UPFE 460476	04/12/91	04/91
UPFE 462110	UPFE 460392	04/10/91	04/91
UPFE 462111	UPFE 460504	04/12/91	04/91
UPFE 462112	UPFE 460142	04/15/91	04/91

UPFE 462113	UPFE 460306	04/16/91	04/91
UPFE 462114	UPFE 460571	04/18/91	05/91
UPFE 462115	UPFE 460540	04/18/91	05/91
UPFE 462116	UPFE 460612	04/15/91	04/91
UPFE 462117	UPFE 460584	04/16/91	04/91
UPFE 462118	UPFE 460579	04/19/91	05/91
UPFE 462119	UPFE 460269	04/19/91	05/91
UPFE 462120	UPFE 460629	04/22/91	05/91
UPFE 462121	UPFE 460500	04/22/91	05/91
UPFE 462122	UPFE 460496	05/07/91	05/91
UPFE 462123	UPFE 460542	05/07/91	05/91
UPFE 462124	UPFE 460364	05/08/91	05/91
UPFE 462125	UPFE 460257	05/08/91	05/91
UPFE 462126	UPFE 460393	05/07/91	05/91
UPFE 462127	UPFE 460498	05/09/91	05/91
UPFE 462128	UPFE 460492	05/09/91	05/91
UPFE 462129	UPFE 460295	05/10/91	05/91
UPFE 462130	UPFE 460638	05/10/91	05/91
UPFE 462131	UPFE 460655	05/13/91	05/91
UPFE 462132	UPFE 460424	05/13/91	05/91
UPFE 462133	UPFE 460448	05/14/91	05/91
UPFE 462134	UPFE 460466	05/15/91	05/91
UPFE 462135	UPFE 460529	05/22/91	06/91
UPFE 462136	UPFE 460431	05/14/91	05/91
UPFE 462137	UPFE 460317	05/16/91	05/91
UPFE 462138	UPFE 460495	05/17/91	05/91
UPFE 462139	UPFE 460405	05/15/91	05/91
UPFE 462140	UPFE 460304	05/16/91	05/91
UPFE 462141	UPFE 460330	05/17/91	05/91
UPFE 462142	UPFE 460351	05/21/91	06/91
UPFE 462143	UPFE 460294	05/20/91	06/91
UPFE 462144	UPFE 460247	05/20/91	06/91
UPFE 462145	UPFE 460397	05/21/91	06/91
UPFE 462146	UPFE 460387	05/21/91	06/91
UPFE 462147	UPFE 460693	05/22/91	06/91
UPFE 462148	UPFE 460594	05/23/91	06/91
UPFE 462149	UPFE 460563	05/24/91	06/91
UPFE 462150	UPFE 460494	05/23/91	06/91
UPFE 462151	UPFE 460391	6/11/91	06/91
UPFE 462152	UPFE 460482	05/24/91	06/91
UPFE 462153	UPFE 460144	05/28/91	06/91
UPFE 462154	UPFE 460557	05/28/91	06/91
UPFE 462155	UPFE 460122	05/29/91	06/91
UPFE 462156	UPFE 460276	05/29/91	06/91
UPFE 462157	UPFE 460262	05/30/91	06/91
UPFE 462158	UPFE 460222	06/03/91	06/91
UPFE 462159	UPFE 460258	06/03/91	06/91
UPFE 462160	UPFE 460221	06/03/91	06/91
UPFE 462161	UPFE 460464	06/03/91	06/91
UPFE 462162	UPFE 460524	06/03/91	06/91
UPFE 462163	UPFE 460460	06/06/91	06/91
UPFE 462164	UPFE 460453	06/04/91	06/91
UPFE 462165	UPFE 460175	06/04/91	06/91
UPFE 462166	UPFE 460700	06/07/91	06/91
UPFE 462167	UPFE 460478	06/05/91	06/91
UPFE 462168	UPFE 460575	06/05/91	06/91
UPFE 462169	UPFE 460160	06/26/91	07/91
UPFE 462170	UPFE 460188	06/06/91	06/91
UPFE 462171	UPFE 460109	06/07/91	06/91
UPFE 462172	UPFE 460671	06/11/91	06/91
UPFE 462173	UPFE 460174	06/10/91	06/91
UPFE 462174	UPFE 460430	06/10/91	06/91

UPFE 462175	UPFE 460215	06/12/91	06/91
UPFE 462176	UPFE 460479	06/12/91	06/91
UPFE 462177	UPFE 460574	06/13/91	06/91
UPFE 462178	UPFE 460172	06/14/91	06/91
UPFE 462179	UPFE 460667	06/14/91	06/91
UPFE 462180	UPFE 460165	06/13/91	06/91
UPFE 462181	UPFE 460237	06/14/91	06/91
UPFE 462182	UPFE 460622	06/17/91	07/91
UPFE 462183	UPFE 460517	06/17/91	07/91
UPFE 462184	UPFE 460601	06/18/91	07/91
UPFE 462185	UPFE 460292	06/18/91	07/91
UPFE 462186	UPFE 460137	06/21/91	07/91
UPFE 462187	UPFE 460599	06/20/91	07/91
UPFE 462188	UPFE 460353	06/19/91	07/91
UPFE 462189	UPFE 460308	06/21/91	07/91
UPFE 462190	UPFE 460630	06/19/91	07/91
UPFE 462191	UPFE 460604	06/21/91	07/91

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REGISTRATION NO. _____ FILED 1425

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INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASE AGREEMENT

Dated as of July 31, 1991

between

THE CIT GROUP/EQUIPMENT FINANCING, INC.,

as Lessor

and

UNION PACIFIC RAILROAD COMPANY,

as Lessee

MECHANICAL REFRIGERATED RAILCARS

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Attachments to Equipment Lease:

Appendix I Definitions

Appendix II Original Pricing Assumptions

Exhibit A Form of Lease Supplement

Schedule I	Units; Equipment Cost
Schedule II	Basic Rent Factors
Schedule III	Daily Basic Rent Factors
Schedule IV	Stipulated Loss Factors
Schedule V	Termination Factors

EQUIPMENT LEASE AGREEMENT

THIS EQUIPMENT LEASE AGREEMENT is entered into as of July 31, 1991 (this "Lease") between THE CIT GROUP/EQUIPMENT FINANCING, INC., a New York corporation (the "Lessor"), and UNION PACIFIC RAILROAD COMPANY, a Utah corporation (the "Lessee"), with reference to the following:

R E C I T A L S:

A. The Lessee and the Lessor have entered into a Participation Agreement, dated as of July 31, 1991 under which the Lessee has agreed (i) to sell certain units of equipment (each a "Unit," collectively the "Equipment") to the Lessor, and (ii) to lease such Units from the Lessor pursuant to this Lease.

B. The Lessor has agreed to purchase such Equipment, as provided in the Participation Agreement and as evidenced by bills of sale for such Equipment delivered by the Lessee to the Lessor, and to lease such Equipment to the Lessee pursuant to this Lease.

C. The Lessee desires to lease such Equipment at the rentals and on the terms and conditions provided herein.

D. The capitalized terms used in this Lease shall have the respective meanings indicated in Appendix I hereto unless otherwise defined herein.

SECTION 1. DELIVERY AND ACCEPTANCE UNDER LEASE.

1.1 Inspection and Acceptance. The Lessor hereby appoints the Lessee as its agent for inspection and acceptance of the Units subject to confirmation or contest by an inspector separately chosen by Lessor. Upon tender by the Lessee of the Units to be purchased on a given Closing Date (accompanied by delivery of an invoice (or invoices) which is executed by the Lessee and dated such Closing Date, and which sets forth the purchase price for such Units), the Lessee will, on or before such Closing Date, cause an inspector designated and authorized by the Lessee to inspect the same, and, if such Units are found to be in good order, to accept delivery of such Units under the Lease on the applicable Closing Date, as evidenced by the execution and delivery to the Lessor on such Closing Date, of a Lease Supplement in the form attached hereto as Exhibit A (a "Lease Supplement") with respect to such Units; provided, however, that the Lessee shall not accept and the Lessor shall have no obligation to lease under this Lease any Unit delivered

after expiration of its commitment pursuant to the Participation Agreement. The Lessee's execution and delivery of a Lease Supplement pursuant to this Section 1.1 shall constitute the Lessee's acknowledgment, but solely as between the Lessee and the Lessor, that each Unit is acceptable to and accepted by the Lessee under this Lease, notwithstanding any defect with respect to design, manufacture or condition or in any other respect, and shall conclusively establish, but solely as between the Lessor and the Lessee, that such Unit is in good order and condition and conforms to the Specifications applicable thereto and is suitable for use in interchange service in accordance with the Interchange Rules and suitable for use by Class I line-haul railroads. Notwithstanding the foregoing, the delivery of such Lease Supplement by the Lessee shall not constitute a waiver or other release of the warranties, liabilities and other obligations of any manufacturers or remanufacturers with respect to the Equipment.

SECTION 2. RENT AND RENT PAYMENT DATES.

2.1 Rent for Equipment. The Lessee agrees to pay the Lessor the following rent for each Unit purchased by the Lessor and leased to the Lessee:

(a) Interim Rent. The Lessee shall pay for each Unit leased hereunder, as Interim Rent, in one installment due on the Basic Term Commencement Date, an amount equal to the product of the Equipment Cost for such Unit multiplied by the Interim Rent Factor opposite the Basic Term Commencement Date for such Unit in the applicable Schedule II multiplied by the number of days in the Interim Term.

(b) Basic Rent. Subject to any adjustments required by Section 2.3, the Lessee hereby agrees to pay to the Lessor for each Unit:

(i) in arrears on each Rent Payment Date occurring during the Basic Term, Basic Rent, in an amount equal to the product of the Equipment Cost for such Unit multiplied by the Basic Rent Factor for such Unit, as specified in the applicable Schedule II to the Lease Supplement for such Unit;

(ii) in arrears on each Rent Payment Date occurring during any Renewal Term pursuant to Section 19 hereof, Basic Rent, in such amounts as provided in Sections 19.2 and 19.3; and

(iii) in arrears on each Rent Payment Date occurring during any extension of the Lease Term pursuant to Section 14, Basic Rent in such amounts as provided in Section 14.

(c) Supplemental Rent. In addition to the foregoing Interim Rent and Basic Rent, the Lessee agrees to pay to the Lessor, or to whomsoever shall be entitled thereto, any and all Supplemental Rent, promptly as the same shall become due and owing, or, where no due date is specified, promptly after demand by the Person entitled thereto, and in the event of any failure on the part of the Lessee to pay any Supplemental Rent, the Lessor, or whosoever shall be entitled to such payment, shall have all rights, powers and remedies provided for herein or by law or equity or otherwise as in the case of nonpayment of Basic Rent.

2.2 Business Days. If any Rent Payment Date is not a Business Day, the Rent payment otherwise payable on such date shall be payable on the immediately succeeding Business Day.

2.3 Adjustment of Rent. (a) The Lessee and the Lessor agree that the Basic Rent Factors, the Interim Rent Factor, Stipulated Loss Factors and Termination Factors shall be adjusted to the extent and in the manner provided in this Section 2.3, upon the occurrence of any of the following adjustment events (the "Adjustment Events"):

(i) the timing and amounts funded on each Closing Date are other than as set forth on Appendix II hereto;

(ii) any change in the Lessor's original Tax Assumptions set forth in Section 1 to the Tax Indemnity Agreement resulting from any change in the Code, including any technical corrections act enacted prior to the Closing Date for any Unit, the issuance or modification of any regulation under the Code (whether final, temporary or proposed) prior to such Closing Date or any other change in tax law or interpretation thereof prior to such Closing Date; or

(iii) the election by the Lessee pursuant to Section 5.04 of the Tax Indemnity Agreement to make an Indemnity Payment through an adjustment to Basic Rent.

In addition, Stipulated Loss Factors and Termination Factors shall be adjusted as provided for in Section 6 of the Tax Indemnity Agreement to reflect the occurrence of an event that results in an Indemnifiable Tax Loss for which Lessee reimburses Lessor other than through an adjustment to Basic Rent.

(b) Timing and Pattern of Adjustments. Subject to the provisions of Section 2.3(c) below, Basic Rent Factors, Interim Rent Factor, Stipulated Loss Factors and Termination Factors shall be adjusted, upwards or downwards to take into account an Adjustment Event, in such a manner as (i) to preserve the Lessor's Net Return, based on the original assumptions used

in preparing the schedules attached to each Lease Supplement, after modifying such assumptions to reflect any variations between the Adjustment Events and the original assumptions and any prior Indemnifiable Tax Loss pursuant to the Tax Indemnity Agreement and, (ii) simultaneously, to the extent not inconsistent with clause (i) above and provided, that Lessor's desired capital lease accounting treatment is not impaired, to minimize the net present value of Basic Rent, using a discount rate of ten percent (10%) per annum; provided, however, that (iii) all such adjustments shall be made in such a manner so as to result in the same Basic Rent Factors, Interim Rent Factor, Stipulated Loss Factors and Termination Factors for each Unit purchased on a given Closing Date; and (iv) such adjustments shall be made in compliance with the provisions of Section 467 of the Code and the initial investment, continuing investment profit and rental tests of Revenue Procedure 75-21, 1975-1 C.B. 715, in each case as in effect and interpreted (A) as of the applicable Closing Date, in the case of an adjustment made by reason of a change in tax law with respect to such matters as set forth in Section 2.3(a)(ii), or (B) in all other cases, as of the date of execution and delivery of this Lease.

(c) Procedure and Verification. Adjustments made pursuant to this Section 2.3 shall be made at the request of either the Lessee or the Lessor. The Lessee and the Lessor shall each cooperate with the other to effect such adjustments expeditiously. All adjustments permitted or required by this Section 2.3 shall be determined by the Lessor, which shall deliver to the Lessee schedules setting forth the revised percentages. If the Lessee disputes any such adjustment, other than an adjustment which is made in connection with an event which results in an Indemnifiable Tax Loss under Section 5 of the Tax Indemnity Agreement, the adjustment, at the written request of the Lessee, shall be verified by a nationally recognized independent accounting firm chosen by the Lessor and reasonably acceptable to the Lessee. Such accounting firm shall be requested to make its determination within thirty (30) days. The Lessor shall provide to the accounting firm the information as it may reasonably require for its verification (other than copies of the Lessor's income tax returns), including a description of the methodology of the calculation used in computing the adjustment and such other information as is necessary to determine whether the computation is mathematically accurate and in conformity with the provisions of this Section 2.3. The Lessor shall instruct the accounting firm to hold in strict confidence such methodology and information. The computations of the Lessor, or the accounting firm, as applicable, shall be final, binding and conclusive upon the Lessor and the Lessee. The fees and expenses payable to any such accounting firm in connection with a verification pursuant to this Section 2.3(c) shall be borne by the Lessee except that those fees and expenses shall be payable by the Lessor if the adjustment computed by the accounting firm produces a lower

Basic Rent than that provided by Lessor (in each case computed on a present value basis using a ten percent (10%) per annum discount rate) and the difference in the Basic Rent as so discounted is 10 basis points or more. Any adjustment which is made in connection with an event which results in a Indemnifiable Tax Loss shall be subject to the notice and verification procedures described in Section 6 of the Tax Indemnity Agreement.

(d) Documents to Reflect Adjustments. The Lessee and the Lessor shall execute and deliver a supplement to the Lease to reflect any adjustments to Basic Rent Factors, Interim Rent Factor, Stipulated Loss Factors or Termination Factors made under this Section 2.3; provided, however, the failure to so execute and deliver any such supplement will not invalidate any such adjustment.

2.4 Place and Manner of Rent Payments. The payments to be made by the Lessee under this Lease shall be made as follows:

(a) Each installment of Basic Rent shall be due and payable hereunder on each respective Rent Payment Date and shall be paid to the Lessor by wire transfer of immediately available funds to the Lessor at the address and account of the Lessor for payments specified in Schedule 1 to the Participation Agreement, in an amount specified in an invoice sent to the Lessee from the Lessor prior to each Rent Payment Date;

(b) The installments of Supplemental Rent pursuant to Section 2.1(c) hereof, including the entire amount of any payments of Stipulated Loss Value, Termination Value or other payment pursuant to Section 11 or Section 12, and any payment pursuant to Section 15, shall be paid to the Lessor by wire transfer of immediately available funds to the Lessor at the address and account of the Lessor specified for payments in Schedule 1 to the Participation Agreement;

(c) The amount of any payment owing to the Lessor or any other Indemnified Person or Person pursuant to Section 6 of the Participation Agreement, Sections 10.1 and 10.2 hereof (but in the case of Sections 10.1 and 10.2, only with respect to public liability insurance) or pursuant to the Tax Indemnity Agreement, shall be made directly to the party to receive the same pursuant to such provisions by wire transfer of immediately available funds as specified in the Operative Documents or as instructed in writing by such party;

(d) The amount of any interest due in respect of the late payment of any Rent pursuant to Section 20 hereof shall be paid to the Person and in the manner herein provided to receive such Rent by wire transfer as specified

in the Operative Documents or as instructed in writing by such Person; and

(e) All other payments due hereunder to any Person shall be made by the Lessee as instructed in writing by such Person.

The Lessee agrees that it will make payments due hereunder by wire transfer, by 4:00 P.M. (New York time) on the due date of such payment, of Federal or otherwise immediately available funds to the Person to whom such payment is to be made.

2.5 Net Lease. This Lease is a net lease and the Lessee's obligation to pay all Supplemental Rent and Basic Rent payable hereunder shall be absolute and unconditional under any and all circumstances and, without limiting the generality of the foregoing, the Lessee shall not be entitled to any abatement of Rent or reduction thereof or setoff against Rent, including, but not limited to, abatements, reductions or setoffs due to any present or future claims of the Lessee against the Lessor under this Lease or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss or destruction of or requisitioning of the Equipment by condemnation or otherwise, the prohibition of the Lessee's use of the Equipment, the interference with such use by any Person, the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, or the lack of right, power or authority of the Lessor or any other Person to enter into this Lease or any Operative Documents, or for any other cause, whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the Rent payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated in accordance with the terms of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender this Lease or any of the Units, except in accordance with the express terms hereof. If for any reason whatsoever this Lease shall be terminated in whole or in part by operation of law or otherwise, except as specifically provided herein, the Lessee nonetheless agrees, to the maximum extent permitted by law, to pay to the Lessor or any other Person entitled thereto an amount equal to each installment of Basic Rent and all Supplemental Rent due and owing, at the time such payment would have become due and payable in accordance with the terms hereof had this Lease not been terminated in whole or in part. Nothing contained herein shall be construed to waive any claim which Lessee might have under any of the Operative Documents or otherwise or to limit the right of Lessee to make any claim it might have against

Lessor or any other Person or to pursue such claim in such manner as Lessee shall deem appropriate. The Lessee hereby waives any and all existing or future claims of any right to assert any offset against the Rent payments due hereunder, and agrees to make the Rent payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf in connection with this Lease of the Equipment.

SECTION 3. LEASE TERM.

The interim term of this Lease (the "Interim Term") as to each Unit shall mean the period commencing on the Closing Date for such Unit to and including the day immediately preceding the Basic Term Commencement Date for such Unit. The basic term of this Lease (the "Basic Term") shall mean the period commencing on and including the Basic Term Commencement Date and, subject to earlier termination pursuant to Sections 11 and 15, ending at 11:59 p.m. (New York time) on the Basic Term Expiration Date. Subject and pursuant to the terms of Section 19.2 hereof, the Lessee may elect up to two Renewal Terms of one year each.

SECTION 4. OWNERSHIP AND MARKING OF EQUIPMENT.

4.1 Retention of Title. The Lessor, as between the Lessor and the Lessee, shall and hereby does retain full legal title to the Equipment notwithstanding the delivery of the Equipment to the Lessee.

4.2 Duty to Number and Mark Equipment. As soon as practicable but in any event prior to the commencement of the Interim Term for each Unit, the Lessee will cause each such Unit to be numbered with its reporting mark shown on the Lease Supplement dated the Closing Date on which such Unit was delivered and covering such Unit, and will from and after such date keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting colors upon each side of each Unit, in letters not less than one inch in height, a legend substantially as follows:

"SUBJECT TO A LEASE AGREEMENT RECORDED WITH THE
INTERSTATE COMMERCE COMMISSION."

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to such Unit and its rights under this Lease and the other Operative Documents. The Lessee will not place any such Units in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof, and will replace promptly any such names and word or words which may be removed, defaced, obliterated or destroyed. The Lessee will not change the reporting mark of any Unit except in accordance with a statement

of new reporting marks to be substituted therefor, which statement shall be delivered to the Lessor by the Lessee and a supplement to this Lease with respect to such new reporting marks shall be filed or recorded in all public offices where this Lease shall have been filed or recorded.

4.3 Prohibition against Certain Designations. Except as provided above, the Lessee will not allow the name of any Person to be placed on the Equipment as a designation that might reasonably be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee, its sublessees or any of their respective Affiliates on railroad equipment used by it or its sublessees of the same or a similar type.

SECTION 5. DISCLAIMER OF WARRANTIES.

THE LESSEE ACKNOWLEDGES AND AGREES THAT, (i) THE EQUIPMENT AND EACH UNIT THEREOF IS OF A SIZE, DESIGN, CAPACITY AND MANUFACTURE SELECTED BY AND ACCEPTABLE TO THE LESSEE, (ii) THE LESSEE IS SATISFIED THAT THE EQUIPMENT AND EACH UNIT THEREOF IS SUITABLE FOR ITS PURPOSES, (iii) THE LESSOR IS NOT A MANUFACTURER OR A DEALER IN PROPERTY OF SUCH KIND AND HAS NOT INSPECTED THE EQUIPMENT PRIOR TO DELIVERY TO AND ACCEPTANCE BY THE LESSEE, (iv) THE EQUIPMENT AND EACH UNIT THEREOF IS LEASED HEREUNDER SUBJECT TO ALL APPLICABLE LAWS AND GOVERNMENTAL REGULATIONS NOW IN EFFECT OR HEREAFTER ADOPTED AND IN THE STATE AND CONDITION OF EVERY PART THEREOF WHEN THE SAME FIRST BECAME SUBJECT TO THIS LEASE, WITHOUT REPRESENTATION OR WARRANTY BY THE LESSOR, (v) THE LESSOR LEASES THE EQUIPMENT AND EACH UNIT THEREOF "AS-IS," "WHERE-IS" AND "WITH ALL FAULTS," AND, HEREBY DISCLAIMS, AS BETWEEN ITSELF AND THE LESSEE, ANY AND ALL RIGHTS, CLAIMS, WARRANTIES OR REPRESENTATIONS EITHER EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING WITHOUT LIMITATION, THE CONDITION, FITNESS FOR ANY PARTICULAR PURPOSE, DESIGN, OPERATION, MERCHANTABILITY THEREOF OR AS TO THE TITLE, VALUE OR CONDITION OF THE EQUIPMENT, THE QUALITY OF THE MATERIAL OR WORKMANSHIP THEREOF OR CONFORMITY THEREOF TO SPECIFICATIONS, FREEDOM FROM PATENT, COPYRIGHT OR TRADEMARK INFRINGEMENT, THE ABSENCE OF ANY LATENT OR OTHER DEFECT, WHETHER OR NOT DISCOVERABLE, OR AS TO THE ABSENCE OF ANY OBLIGATIONS BASED ON STRICT LIABILITY IN TORT, AND (vi) UNDER NO CIRCUMSTANCES WHATSOEVER SHALL THE LESSOR BE LIABLE OR RESPONSIBLE TO THE LESSEE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING LIABILITY IN TORT, STRICT OR OTHERWISE), it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee, except that the Lessor represents and warrants that on the Closing Date for any Unit of Equipment, the Lessor shall have received whatever title to such Unit of Equipment as was conveyed to the Lessor by the Lessee. The provisions of this Section 5 have been negotiated and, except to

the extent otherwise provided in this Section 5, the foregoing provisions are intended to be a complete exclusion and negation of any representations and warranties by the Lessor express or implied with respect to the Equipment that may arise pursuant to any law now or hereafter in effect, or otherwise. The Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the Lease Term to assert and enforce, from time to time, in the name and for the account of the Lessor and the Lessee, as their interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have as owner of the Equipment against the manufacturers or any prior owner thereof; provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Lessee's delivery of a Lease Supplement shall be conclusive evidence as between the Lessee and the Lessor that the Units described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

SECTION 6. RULES, LAWS AND REGULATIONS.

The Lessee agrees to comply with all Applicable Laws with respect to the use and maintenance of each Unit subject to this Lease. In case any equipment or appliance is required to be altered, added, replaced or modified on any Unit in order to comply with such Applicable Laws (a "Required Modification"), the Lessee agrees to make such alterations, additions, replacements and/or modifications at its own expense; provided, however, that the Lessee may, in good faith and by appropriate proceedings diligently conducted, contest the validity or application of any such law, regulation, requirement or rule in any reasonable manner which does not, in the opinion of the Lessor (which response shall be promptly given to the Lessee upon request thereof), adversely affect the rights or interests of the Lessor in the Equipment or hereunder or otherwise expose the Lessor to any non-de minimus risk of criminal sanctions, so long as any such legal proceedings shall be concluded prior to the date on which Lessee is required to return to the Lessor any Unit involved in such proceedings and any Required Modifications which were the subject of such proceedings shall be made if required. Notwithstanding anything herein to the contrary, if the Lessee determines in good faith that any Required Modification to a Unit would be uneconomical, it shall provide written notice of such determination to the Lessor and the parties hereto shall treat such Unit as if an Event of Loss had occurred as of the date of such written notice with respect to such Unit and the provisions of Section 11 with respect to rent termination and disposition shall apply with respect to such Unit. In the event of any such deemed Event of Loss, the Lessee

shall pay to the Lessor on a Stipulated Loss Payment Date no later than ninety (90) days after the deemed occurrence of such Event of Loss an amount equal to the greater of (i) the then Fair Market Sales Value and (ii) the Stipulated Loss Value of such Unit as of such Stipulated Loss Payment Date.

SECTION 7. MAINTENANCE OF EQUIPMENT; MODIFICATIONS; USE.

7.1 Maintenance. The Lessee shall, at its own cost and expense, maintain and keep the Equipment and each Unit thereof (i) in accordance with prudent Class I Railroad industry maintenance practices, (ii) so as to keep all Units in good physical condition (ordinary wear and tear excepted) and in good operating condition and available for interchange, (iii) in a manner consistent with maintenance practices used by the Lessee in respect of equipment owned or leased by the Lessee similar in nature to the Units, and (iv) in compliance with all Applicable Laws.

7.2 Modifications. Except as otherwise required by the provisions of Section 6 hereof and so long as no Event of Default has occurred and is continuing prior to the initiation by the Lessee of any modification or addition thereto (each a "Modification"), the Lessee may make a Modification to any Unit; provided that no such Modification diminishes the value, utility, condition or remaining useful life of such Unit below the value, utility, condition, or remaining useful life thereof immediately prior to such Modification, assuming such Unit was then in the condition required to be maintained by the terms of this Lease. Title to any Non-Severable Modifications shall be immediately vested in the Lessor and Lessee shall take whatever actions as may be reasonably necessary to ensure that such title is vested in the Lessor. Title to any Severable Modifications which are not required to be made pursuant to Section 6 hereof shall remain with the Lessee. If the Lessee shall at its cost cause such Severable Modifications to be made to any Unit and such Severable Modifications are reasonably necessary for the economic operation of any such Unit, the Lessor shall have the right, prior to the return of such Unit to the Lessor hereunder, to purchase such Severable Modifications at their then Fair Market Sales Value. If the Lessor does not elect to purchase such Severable Modifications, the Lessee may remove such Severable Modifications at Lessee's cost and expense.

7.3 Use. In no event will any hazardous material, solid waste, medical waste, infectious substances, hazardous commodity, hazardous waste or hazardous substance (including those listed, designated, defined or described in any law regulation ordinance or otherwise) be loaded in any Unit.

SECTION 8. LIENS ON THE EQUIPMENT.

The Lessee will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to any Units or the Lessee's leasehold interest therein under this Lease, except Permitted Liens, and the Lessee shall promptly, at its own expense, take such action as may be necessary to duly discharge any such Lien not excepted above if the same shall arise at any time. The Lessee shall protect, save and keep harmless the Lessor and its respective successors and assigns from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable attorneys' fees) of whatsoever kind and nature that may be imposed on, incurred by or asserted at any time (whether before, during or after the Lease Term) against the Lessor and its respective successors and assigns in any way relating to or arising out of any such Lien except Lessor's Liens.

SECTION 9. FILING.

(a) In addition to the filings required by Section 4.1(b) of the Participation Agreement, the Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, re-register or re-record whenever required) any and all amendments or supplements to this Lease, any financing statements or similar instruments, and any and all further instruments required by law or reasonably requested by the Lessor for the purpose of protecting the Lessor's title to and security interest in, any Unit.

(b) Except as provided in Section 8 of the Participation Agreement, the Lessee will pay all costs, charges and expenses (including reasonable attorneys' fees) incident to any such filing, refiling, recording and rerecording or depositing and redepositing of any such instruments or incident to the taking of such action.

SECTION 10. INSURANCE.

10.1 Third-Party Insurance. (a) Except to the extent provided in Section 10.2, the Lessee will, at all times prior to the return of all of the Units to the Lessor, at its own expense and as part of an insurance program, cause to be carried and maintained (i) all-risk physical damage insurance in respect of the Units at the time subject hereto, and (ii) comprehensive railroad liability insurance with respect to third-party bodily injury and property damage, and the Lessee will continue to carry such insurance in such amounts and for such risks and with such insurance companies as is satisfactory to the Lessor, but

in any event not less comprehensive in amounts and against risks customarily insured against by the Lessee in respect of equipment owned or leased by it which is similar in nature to the Units. All such insurance shall cover the interest of the Lessor and the Lessee, as their interests may appear, in the Equipment, and shall name the Lessor as an additional insured and loss payee. The Lessee warrants and affirms that it will satisfy all obligations under any such policy necessary to keep such insurance in full force and effect. The Lessee shall cause such insurance on the Equipment to provide that the proceeds, if any, shall be payable to the Lessor; provided, that any insurance proceeds received by the Lessor pursuant to the Lessee's insurance program under this Section 10.1 in respect of any or all of the Equipment suffering an Event of Loss shall, subject to the Lessee's having made payment of the Stipulated Loss Value in respect of such Equipment and provided no Default or Event of Default shall have occurred and be continuing, be payable to the Lessee; and, provided further, that all insurance proceeds received by the Lessor pursuant to the Lessee's insurance program under this Section 10.1 in respect of any Equipment not suffering an Event of Loss shall be paid to the Lessee upon proof satisfactory to the Lessor that any damage to such Equipment in respect of which such proceeds were paid has been fully repaired, and provided no Default or Event of Default shall have occurred and be continuing. Any amounts paid or payable to the Lessor under the foregoing insurance shall not be reduced on account of any amount which may be paid or payable to the Lessor by reasons of claims made under any other policies of insurance under which the Lessor is a beneficiary claimant.

(b) All insurance policies maintained by the Lessee pursuant to this Section 10.1 shall (i) provide that all of the provisions thereof except the limits of liability (which shall be applicable to all insureds as a group) and liability for premiums (which shall be solely a liability of the Lessee) shall operate in the same manner as if they were a separate policy covering each insured and shall be primary without right of contribution from any insurance carried by the Lessor and any beneficiary, (ii) insure the Lessor regardless of any breach or violation by any Person of any warranty, declaration or any other term or condition contained in such policies, and shall provide that in the event of any loss payment under any policy, the insurer shall waive any rights of subrogation against the insured party and shall waive any setoff or counterclaim or any other deduction, whether by attachment or otherwise, (iii) require thirty (30) days' prior written notice to the Lessor of cancellation or material modification of any term of any such policy, and (iv) shall include waivers by the insurer of all claims for premiums against the Lessor and shall provide that the Lessor is not liable or responsible for any representation or warranty made by any Person to the insurer.

10.2 Self-Insurance. Notwithstanding anything to the contrary contained in Section 10.1, the Lessor hereby permits the Lessee to satisfy the requirements to maintain third-party insurance as set forth in Section 10.1 with self-insurance pursuant to the Lessee's program of self-insurance for physical damage to the Equipment and general public liability with respect to third-party bodily injury and property damage in existence as of the initial Closing Date (as described in the certificate delivered pursuant to Section 4.1(h) of the Participation Agreement (the "Self-Insurance Program")); provided, however, that if the Lessee maintains any insurance as part of the Lessee's self-insurance program, the Lessee shall, within thirty (30) days after the first Closing Date for a Unit of Equipment hereunder, furnish the Lessor with a certificate signed by the insurer or an independent insurance broker showing any insurance then maintained by the Lessee pursuant to Lessee's program of self-insurance and that all premiums thereon have been paid and, with respect to any renewal of such policy or policies, shall furnish certificates or binders evidencing such renewal as soon as practicable, but in no event later than the earlier of (a) thirty (30) days after such renewal is effected or (b) the expiration date of the original policy or policies and; provided, further, that if at any time prior to the return of all Units leased hereunder, the financial condition of the Lessee shall materially and adversely change, as reflected in any financial report delivered by the Lessee to the Lessor pursuant to Section 7 of the Participation Agreement, or if there shall be a Default or Event of Default hereunder, then the Lessor may, at its option elect to notify the Lessee of the withdrawal or modification (such as reducing permitted self-insured retention) of the Lessor's permission to allow the Self-Insurance Program to satisfy a portion of the Lessee's requirement to maintain third-party insurance as set forth in Section 10.1. Upon written notification to the Lessee of the Lessor's withdrawal of such permission, the Lessee shall be obligated to obtain and maintain the insurance required under Section 10.1. The Lessor shall in no event be obligated to participate in the funding of any self-insurance program of the Lessee.

10.3 Evidence of Insurance. The Lessee shall, within five (5) days of (i) obtaining any insurance pursuant to Section 10.1 for any Unit hereunder, or (ii) adjusting or modifying the Self-Insurance Program in any respect, furnish the Lessor with a certificate signed by the insurer or an independent insurance broker, in the case of subsection (i) or an authorized officer of Lessee in the case of subsection (ii), showing any insurance then maintained by the Lessee pursuant to this Section 10.1 and that all premiums thereon have been paid or describing such changes in the Self-Insurance Program, as the case may be, or other evidence of maintenance of the insurance required hereunder, and, with respect to any renewal policy or policies,

shall furnish certificates or binders evidencing such renewal as soon as practicable, but in no event later than thirty (30) days after such renewal is effected or the expiration date of the original policy or policies.

10.4 Proceeds of Insurance. The entire proceeds of any property or casualty insurance maintained pursuant to Section 10.1 or third party payments for damages to any Unit of Equipment (including any Association of American Railroads interline settlement) received by the Lessor shall be held by such party until the repairs referred to in clause (a) below are made as specified therein or payment of the Stipulated Loss Value is made, and such entire proceeds will be paid either: (a) to the Lessee promptly following receipt by the Lessor of a written application signed by the Lessee for payment to the Lessee for repairing or restoring the Units which have been damaged so long as (i) the Lessee shall have complied with the applicable provisions of the Lease, (ii) no Event of Default shall have occurred and be continuing, and (iii) any damage to such Units shall have been fully repaired or restored, and the Lessee shall have delivered with such application a certificate executed by an engineering or financial officer of the Lessee to such effect; or (b) if this Lease is terminated with respect to such Unit because of an Event of Loss and the Lessee has paid the Stipulated Loss Value and all other amounts due as a result thereof, such proceeds shall be promptly paid over to, or retained by, the Lessee.

10.5 Additional Insurance. In the event that the Lessee shall fail to maintain insurance as herein provided, the Lessor may at its option, upon ten (10) Business Days' prior written notice to the Lessee, provide such insurance and, in such event, the Lessee shall, upon demand from time to time, reimburse the Lessor for the cost thereof together with interest from the date of payment thereof, on the amount of the cost to the Lessor of such insurance which the Lessee shall have failed to maintain, at the Late Rate. In addition, at any time the Lessor may at its own expense carry insurance with respect to its interest in the Units, provided that such insurance does not prevent the Lessee from carrying insurance required by this Section 10 or adversely affect such insurance or the cost thereof. Any insurance payments received from policies maintained by the Lessor pursuant to the previous sentence shall be retained by the Lessor without reducing or otherwise affecting the Lessee's obligations hereunder.

SECTION 11. EVENT OF LOSS.

11.1 Duty of Lessee to Notify Lessor. In the event that any Unit (a) shall suffer destruction, damage, contamination or wear which, in the Lessee's good faith opinion, makes repair uneconomic or renders such Unit unfit for commercial use, (b)

shall suffer theft or disappearance for a period in excess of one-hundred eighty (180) days, (c) shall be permanently returned to the manufacturer or remanufacturer pursuant to any patent indemnity provisions, (d) shall have title thereto taken or appropriated by any governmental authority under the power of eminent domain or otherwise, or (e) shall be taken or requisitioned for use by any governmental authority under the power of eminent domain or otherwise for a period extending beyond the earlier of (i) twelve (12) months after the date of such taking or requisition, or (ii) the last day of the Basic Term or any Renewal Term then in effect (any such occurrence being hereinafter called an "Event of Loss"), the Lessee, in accordance with the terms of Section 11.2 hereof, shall promptly and fully inform the Lessor of such Event of Loss. The date of occurrence of such Event of Loss shall be the date of such loss, destruction, damage, contamination, theft, disappearance, return, taking or requisition; provided that in the case of an Event of Loss specified in clause (e) above, the date of occurrence of such Event of Loss shall be deemed to be the earlier of (A) twelve (12) months after the date of such taking or requisition, or (B) the last day of the Basic Term or any Renewal Term then in effect.

11.2 Sum Payable for Event of Loss. On a Stipulated Loss Payment Date selected by the Lessee, but in no event later than one hundred twenty (120) days after the occurrence or deemed occurrence of such Event of Loss for any Unit, the Lessee shall pay to the Lessor (a) an amount equal to the Stipulated Loss Value of each such Unit as of such Stipulated Loss Payment Date, (b) all Basic Rent payable on such date in respect of such Unit, and (c) all other Rent then due and payable on such date hereunder.

11.3 Rent Termination. Upon the payment of all sums required to be paid pursuant to Section 11.2 hereof in respect of any Unit or Units, the obligation to pay Rent for such Unit or Units accruing subsequent to the Stipulated Loss Payment Date shall terminate; provided that the Lessee shall be obligated to pay all Rent in respect of such Unit or Units which has accrued up to and including the Stipulated Loss Payment Date.

11.4 Disposition of Equipment. Upon the payment of all sums required to be paid pursuant to Section 11.2 hereof in respect of any Unit or Units, the Lessor will convey to the Lessee all right, title and interest of Lessor and any Affiliate thereof, "as-is," "where-is", without recourse or warranty, except for a warranty against Lessor's Liens, in and to such Unit or Units and shall execute and deliver to the Lessee such bills of sale and other documents and instruments as the Lessee may reasonably request to evidence such conveyance. As to each separate Unit so disposed of, so long as no Event of Default hereunder shall have occurred and be continuing, the Lessee may retain any amounts arising from such disposition, plus any

awards, insurance or other proceeds and damages (including any Association of American Railroads interline settlement paid upon an Event of Loss) received by the Lessee or the Lessor by reason of such Event of Loss after having paid the Stipulated Loss Value attributable thereto; provided, however, that, with respect to any Event of Loss referred to in clauses (d) and (e) of Section 11.1 hereof, any excess of such condemnation awards over the amount of the Stipulated Loss Value of such Unit shall be divided equally between the Lessee and the Lessor.

11.5 Stipulated Loss Value. The Stipulated Loss Value for any Unit as of any Stipulated Loss Payment Date shall be equal to the amount determined by multiplying the Equipment Cost for such Unit by the Stipulated Loss Factor for such Unit, opposite such Stipulated Loss Payment Date, as set forth in the applicable Schedule 3 to the Lease Supplement with respect to such Unit.

11.6 Eminent Domain. In the event that during the Lease Term the use of any Unit is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for a period which does not constitute an Event of Loss, the Lessee's obligation to pay all installments of Basic Rent shall continue for the duration of such requisitioning or taking. So long as no Default or Event of Default shall have occurred and be continuing, the Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession.

SECTION 12. EARLY TERMINATION.

12.1 Obsolescence. (a) So long as no Event of Default shall have occurred and be continuing, the Lessee shall have the right at its option at any time on at least one-hundred eighty (180) days' prior notice to the Lessor to terminate this Lease with respect to all but not less than all of the Units (the "Terminated Units") as of the 15th day of any calendar month specified in such notice occurring on or after the seventh anniversary of the Basic Term Commencement Date (the "Termination Date"), if Lessee determines in good faith, that such Units have become obsolete or surplus to the Lessee's needs and Lessee shall provide the Lessor with a certificate executed by a duly authorized officer of the Lessee indicating such determination. There will be no conditions to the Lessee's right to terminate this Lease with respect to the Terminated Units pursuant to this Section 12.1 other than the provisions of the preceding sentence. During the period from the date of such certificate to the Termination Date, the Lessee, as exclusive agent for the Lessor and at Lessee's sole cost and expense, shall use its best efforts to obtain bids from Persons other than the Lessee or its Affiliates or transferees of the Lessee

or its Affiliates for the cash purchase of the Terminated Units, and the Lessee shall promptly, and in any event at least fifteen (15) Business Days prior to the proposed date of sale, certify to the Lessor in writing the amount and terms of such bid, the proposed date of such sale and the name and address of the party submitting such bid. Lessee may at any time prior to thirty (30) days before such Termination Date, by notice in writing to the Lessor withdraw its notice of termination and the Lessee shall pay all of the Lessor's out-of-pocket expenses incurred prior to such withdrawal in connection with the proposed termination. On the Termination Date: (A) the Lessee shall deliver the Terminated Units to the bidder, if any, which shall have submitted the highest cash bid prior to such date, in the same manner as if delivery were made to the Lessor pursuant to Section 14 hereof and in full compliance with the terms thereof; and (B) the Lessor shall, without recourse or warranty (except as to the absence of any Lessor's Lien) and subject to the disclaimer set forth in Section 5 hereof, simultaneously therewith sell the Terminated Units to such bidder for cash paid in the manner and in funds of the type specified in Section 2.4 hereof.

(b) As between the Lessor and the Lessee, the total selling price realized at such sale shall be paid directly from the bidder to and retained by the Lessor (including the excess of such sales proceeds, if any, over the Termination Value for the Terminated Units) and, in addition, on the Termination Date, and as a condition precedent to such sale and the delivery of the Terminated Units to such purchaser, the Lessee shall pay to the Lessor, in the manner and in funds of the type specified in Section 2.4 hereof, (i) all unpaid Basic Rent with respect to such Terminated Units due on or prior to the Termination Date, (ii) the excess, if any, of (A) the Termination Value for the Terminated Units computed as of the Termination Date in accordance with Section 12.2 hereof, over (B) the net cash sales proceeds (after payment of any sales taxes or other expenses incurred in connection with such sale) of the Terminated Units and (iii) any other Rent required to be paid with respect to such Terminated Units as of such Termination Date. If no sale shall have occurred on or as of the Termination Date, this Lease shall continue in full force and effect as to such Units; provided that the Lessee shall not, without the consent of the Lessor, reject any cash bid equal to or greater than the Termination Value. If the Lessor elects not to exercise its preemptive right set forth in paragraph (c) below, the Lessee, in acting as agent for the Lessor, shall have no liability to the Lessor for failure to obtain the best price, shall act in its sole discretion and shall be under no duty to solicit bids publicly or in any particular market.

(c) Notwithstanding the provisions of paragraphs (a) and (b) of this Section 12.1, the Lessor may irrevocably elect, no later than ninety (90) days after receipt of the

Lessee's notice of termination, not to sell the Terminated Units to the highest bidder, if any, on the Termination Date, whereupon the Lessee shall deliver the Terminated Units to the Lessor as provided in this Section 12, treating the Termination Date as the termination date of the Lease Term with respect to the Terminated Units; provided that upon such election by the Lessor, such delivery of the Terminated Units and payment by the Lessee of all Rent for such Terminated Units due and unpaid to and including the Termination Date, the Lessee shall have no obligation to pay any Termination Value with respect to such Terminated Units.

(d) In the event of any such sale and receipt by the Lessor of all of the amounts provided herein, and upon compliance by the Lessee with the other provisions of this Section 12.1, the obligation of the Lessee to pay Rent hereunder for such Terminated Units shall cease and the Lease Term for the Terminated Units shall end.

12.2 Termination Value. The Termination Value of each Unit as of any Termination Date shall be equal to the amount determined by multiplying the Equipment Cost for such Unit by the Termination Factor for such Unit, opposite such Termination Date, as set forth in the applicable Schedule V to the Lease Supplement with respect to such Unit.

SECTION 13. ANNUAL REPORTS; INSPECTION.

13.1 Duty of Lessee to Furnish. In addition to the reports required by Section 7 of the Participation Agreement, the Lessee will furnish to the Lessor, on or before June 30, 1992, and on each June 30 thereafter, an accurate statement, as of the preceding December 31, (a) showing the amount, description and reporting marks of the Units then leased hereunder, the amount, description and reporting marks of all Units that may have suffered an Event of Loss during the twelve (12) months ending on such December 31 (or since the first Closing Date, in the case of the first such statement), and such other information regarding the condition or repair of the Equipment as the Lessor may reasonably request, and (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 4.2 hereof shall have been preserved or replaced.

13.2 Lessor's Inspection Rights. The Lessor or its authorized representatives shall have the right, but not the obligation, at its sole cost, expense and risk, except as provided below, to inspect the Equipment and the Lessee's records with respect thereto, during the Lessee's normal business hours and upon reasonable prior notice to the Lessee, to confirm the existence and proper maintenance of any Unit during the Lease Term for such Unit; provided, however, that the

Lessee shall not be liable, except in the case of negligence or willful misconduct of the Lessee or of its employees or agents, for any injury to, or the death of, any Person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this Section 13.2.

SECTION 14. RETURN OF EQUIPMENT UPON EXPIRATION OF LEASE TERM.

As soon as practicable on or after the expiration of the Lease Term with respect to any Unit which has not been purchased by the Lessee, the Lessee will, at its own cost and expense, deliver possession of such Unit to the Lessor upon such tracks of the Lessee as the Lessor may reasonably designate, or, in the absence of such designation, as the Lessee may select, and permit the Lessor to store each such Unit on such tracks for a period not to exceed the date ninety (90) days from the date the Lessee notifies the Lessor in writing that all of the Units have been delivered to such tracks (the "Storage Period"). Upon not less than fifteen (15) days' prior written notice, the Lessee will, at its own cost, expense and risk, transport each such Unit once, at any time within such Storage Period, to any reasonable destination or interchange point on the lines of a railroad operated by the Lessee or its Affiliates, all as directed by the Lessor. The Lessee shall not be obligated to move any such Unit more than once at the request of the Lessor.

During any such Storage Period the Lessee shall maintain the Units in such manner as the Lessee normally maintains similar units of railroad equipment owned or leased by it in similar storage circumstances; provided, that during any such Storage Period or extension thereof pursuant to this Section 14, the Lessee will, at its expense, effect and maintain insurance on the Equipment as required pursuant to Section 10 hereof. On or before the transfer of possession and control of any Unit from the Lessee to the Lessor, the Lessee shall, at its own cost and expense, have taken all necessary action to assure that such Unit shall be in the condition required by Sections 6 and 7 hereof. During any such Storage Period, the Lessee will permit the Lessor or any Person designated by it, including the authorized representative or representatives of any prospective purchaser or user of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence or willful misconduct of the Lessee or of its employees or agents, for any injury to, or the death of, any Person exercising, either on behalf of the Lessor or any prospective purchaser or user, the rights of inspection granted under this sentence. If the Lessor or its agent shall inspect any Unit pursuant to this Section 14 and shall reasonably determine that such Unit is not in the condition required by Sections 6 and 7 hereof, the Lessee, at its expense and risk, shall within thirty (30) days thereafter make such repairs and

perform such work as shall be necessary to place such Units in such required condition. The Lessee will provide the Lessor with notice when such Unit has been repaired so as to be in such condition and is ready to be reinspected by the Lessor or its agent, and the Lessor or its agent shall have ten (10) days from the date of receipt of such notice to inspect, at the Lessee's sole cost and expense, such Unit and inform the Lessee if such Unit is still not in the condition required by Sections 6 and 7 hereof.

The Lease Term for any Unit shall be extended for any period (not to exceed thirty (30) days) necessary for the return of any Unit to such storage tracks, and the Lessee shall pay to the Lessor on the final day of any such extension of the Lease Term, an amount equal to the product of the Equipment Cost for any such Unit multiplied by the Daily Basic Rent Factor for such Unit, for each day of any such extension. In the event any Unit is not assembled, delivered or stored or the possession and control thereof is not transferred to the Lessor as hereinabove provided as a result of any action or inaction on the part of the Lessee, the Lessee shall pay to the Lessor, for each day from the last day of any such extension of the Lease Term for such Unit until such Unit is assembled, delivered or stored, or the possession and control thereof is transferred to the Lessor, as provided in this Section 14, as liquidated damages, and not as a penalty, for the failure of the Lessee to return such Unit to the Lessor at the expiration of the Lease Term with respect to such Unit as required by the provisions of this Section 14, an amount equal to two (2) times the product of the Equipment Cost for such Unit multiplied by the Daily Basic Rent Factor for such Unit. The provision for such payment shall not be in abrogation of the Lessor's right under this Section 14 to have such Unit, returned to it in the condition required hereunder.

Upon (i) expiration of the Lease Term with respect to all of the Units (and any extension thereof pursuant to the preceding paragraph), (ii) compliance with the terms of this Section 14 and (iii) the tender of such Units at such storage location by the Lessee in the condition required hereunder, this Lease and the obligation to pay Basic Rent for such Units shall terminate.

SECTION 15. EVENTS OF DEFAULT.

15.1 Events of Default. Any of the following events shall constitute an Event of Default hereunder:

(a) The Lessee shall fail to make any payment of any installment of Basic Rent or any amount payable pursuant to Section 11.2 or Section 12 hereof and such failure shall continue unremedied for ten (10) days after such payment is due;

(b) The Lessee shall fail to make any payment when due of any Supplemental Rent, including any Indemnity Payment, and such failure shall continue unremedied for a period of ten (10) days after such payment is due;

(c) Any material representation or warranty made by the Lessee in this Lease or in any other Lessee Agreement (other than the Tax Indemnity Agreement), or in any statement or certificate furnished to the Lessor pursuant to or in connection with this Lease or any other Lessee Agreement (other than any such statement or certificate delivered in connection with the Tax Indemnity Agreement) is untrue or incorrect in any material respect as of the date of issuance or making thereof and such incorrectness shall continue to be material and unremedied for a period of thirty (30) days after written notice thereof from the Lessor to the Lessee;

(d) The Lessee shall default in the observance or performance of any other of the covenants and agreements on the part of the Lessee contained herein or in the other Lessee Agreements (other than the Tax Indemnity Agreement), and such default shall continue for thirty (30) days after written notice from the Lessor to the Lessee, specifying the default and demanding the same to be remedied; provided, however, no Event of Default shall occur under this paragraph (d) if (i) the Lessee is diligently attempting to cure such default, (ii) such default is capable of being cured but cannot be cured within thirty (30) days and (iii) such default does not impair in any material respect the Lessor's interest in the Units; provided, further, that the failure by the Lessee to cure any such default within six (6) months after receiving such notice shall constitute an immediate Event of Default;

(e) The Lessee (i) shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect, or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or (ii) shall consent to any such relief or to the appointment of or taking possession by any such official in any voluntary case or other proceeding commenced against it, or (iii) shall make a general assignment for the benefit of creditors, or (iv) shall take any corporate action to authorize any of the foregoing;

(f) An involuntary case or other proceeding shall be commenced against the Lessee seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law

now or hereafter in effect, or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of sixty (60) days;

(g) Lessee has not received, and provided a copy thereof, on or before December 31, 1993, notice from the AAR that all of the Units qualify as Rebuilt and have a birthdate of 1991 or later (such default is referred to herein as an "AAR Default"); or

(h) There shall exist and be continuing after expiration of applicable cure periods any default by Lessee of any agreement or undertaking with Lessor or any affiliate of Lessor that was entered into or executed and delivered on or before the date of the final Closing Date hereunder.

15.2 Remedies. Upon the occurrence of any Event of Default and at any time thereafter so long as the same shall be continuing, the Lessor may, at its option, declare this Lease to be in default, and at any time thereafter, so long as the Lessee shall not have remedied all outstanding Events of Default, the Lessor may do one or more of the following as the Lessor in its sole discretion shall elect, to the extent permitted by and subject to compliance with any mandatory requirements of applicable law then in effect:

(a) Proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof;

(b) By notice in writing to the Lessee, cancel this Lease, whereupon all right of the Lessee to the possession and use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located and take possession of all or any of the Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successor or assigns, to use such Units for any purpose whatever;

(c) Sell any Unit at public or private sale, as the Lessor may determine, free and clear of any rights of the Lessee and without any duty to account to the Lessee with respect to such sale or for the proceeds thereof (except to the extent required by paragraph (f) below if the Lessor elects to exercise its rights under said paragraph), in which event the Lessee's obligation to pay Basic Rent and other Rent with respect to such Unit hereunder due for any periods subsequent to the date of such sale shall terminate (except to the extent that Basic Rent and other Rent are to be included in computations under paragraph (e) or (f) below if the Lessor elects to exercise its rights under either of such paragraphs);

(d) Subject to applicable law, hold, keep idle or lease to others any Unit as the Lessor in its sole discretion may determine, free and clear of any rights of the Lessee and without any duty to account to the Lessee with respect to such action or inaction or for any proceeds with respect thereto, except that the Lessee's obligation to pay Basic Rent and other Rent with respect to such Unit due for any periods subsequent to the date upon which the Lessee shall have been deprived of possession and use of such Unit pursuant to this Section 15.2 shall be reduced by the net proceeds, if any, received by the Lessor from leasing such Unit to any Person other than the Lessee;

(e) Whether or not the Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under paragraph (a), (b), (c) or (d) above with respect to any Unit, the Lessor, by notice to the Lessee specifying a payment date which shall be not earlier than ten (10) Business Days after the date of such notice, may demand that the Lessee pay to the Lessor, and the Lessee shall pay to the Lessor, on the payment date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Basic Rent and other Rent for such Unit due after the payment date specified in such notice), any unpaid Rent for such Unit due for periods prior to the payment date specified in such notice, plus whichever of the following amounts the Lessor, in its sole discretion, shall specify in such notice: (i) an amount equal to the excess, if any, of (A) the present value of all future Basic Rent for such Unit, over (B) the present value of the Fair Market Rental Value (determined as hereafter in Section 15.4 provided) of such Unit or, if the Lessor has leased such Unit to others pursuant to paragraph (d) above, for the period of such lease the periodic rent payable thereunder, in each case for the remainder of the Basic Term or any Renewal Term then in effect, as the case may be, as of the payment date specified in such notice, such present values to be computed on the basis of a per annum rate of discount equal to ten percent (10%), compounded monthly, from the respective dates upon which such rents would be paid; or (ii) an amount equal to the excess, if any, of the Stipulated Loss Value for such Unit (or, if an AAR Default, the Termination Value for such Unit) as of the Rent Payment Date next preceding the payment date specified in such notice or, if such payment occurs on a Rent Payment Date, then computed as of such Rent Payment Date, over the Fair Market Sales Value of such Unit (determined as hereafter in Section 15.4 provided) as of the payment date specified in such notice;

(f) If the Lessor shall have sold any Unit pursuant to paragraph (c) above, the Lessor, in lieu of exercising its rights under paragraph (e) above with respect to such Unit may, if it shall so elect, demand that the Lessee pay

to the Lessor, and the Lessee shall pay to the Lessor, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Basic Rent and any other Rent for such Unit due subsequent to the Rent Payment Date next preceding such sale), any unpaid Rent for such Unit due for periods up to and including the Rent Payment Date next preceding the date of such sale and, if that date is a Rent Payment Date, the Basic Rent due on that date, plus the amount, if any, by which the Stipulated Loss Value of such Unit (or, if an AAR Default, the Termination Value of such Unit) computed as of the Rent Payment Date next preceding the date of such sale or, if such sale occurs on a Rent Payment Date, then computed as of such Rent Payment Date, exceeds the net proceeds of such sale; and

(g) The Lessor may, in lieu of exercising its rights under paragraph (e) above: (i) retain all Rent theretofore paid by the Lessee or received by the Lessor in respect of any Unit, including any such Rent then in the Lessor's possession which, had this Lease not been declared in default, would otherwise be payable to the Lessee hereunder; (ii) recover from the Lessee all Rent accrued and unpaid under any of the terms hereof as of the date of the declaration of default; and (iii) transfer title to and the ownership interest in such Unit to the Lessee by quit-claim bill of sale (except as to the absence of any Lessor's Liens), and recover from the Lessee as liquidated damages for loss of a bargain, but not as a penalty (in lieu of the Basic Rent and any other Rent for such Unit due subsequent to the date of the declaration of default), in the Lessor's sole discretion, an aggregate sum equal to either (A) the present value of all Basic Rent for such Unit which would otherwise have accrued hereunder from the date of the declaration of default to the end of the Basic Term or any Renewal Term then in effect, as the case may be, such present value to be computed on the basis of a per annum rate of discount equal to ten percent (10%), compounded monthly, from the respective dates upon which such Basic Rent would have been payable hereunder had this Lease not been terminated or (B) the Stipulated Loss Value of such Unit (or, if an AAR Default, the Termination Value of such Unit), calculated as of the next succeeding Rent Payment Date or the Basic Term Expiration Date, as the case may be.

15.3 Other Liabilities. In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid Rent due hereunder before or during the exercise of any of the foregoing remedies, and for legal fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto, including without limitation the repayment in full of any costs and expenses necessary to be expended in repairing or modifying any Unit in order to cause it to be in compliance with all maintenance and regulatory standards imposed by this Lease.

15.4 Valuation. For purposes of Section 15.2, the Fair Market Rental Value and Fair Market Sales Value for any Unit shall be determined on the basis of an appraisal of an independent expert appraiser selected by the Lessor, and the cost of any such appraisal shall be borne by the Lessee.

15.5 Cumulative Remedies. The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity.

15.6 No Waiver. No delay or omission to exercise any right, power or remedy accruing to the Lessor upon any breach or default by the Lessee under this Lease shall impair any such right, power or remedy of the Lessor, nor shall any such delay or omission be construed as a waiver of any breach or default, or of any similar breach or default hereafter occurring; nor shall any waiver of a single breach or default be deemed a waiver of any subsequent breach or default.

SECTION 16. RETURN OF EQUIPMENT UPON EVENT OF DEFAULT.

16.1 Lessee's Duty to Return. (a) If the Lessor shall cancel this Lease pursuant to Section 15.2 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Lessor. For the purpose of delivering possession of any Unit to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(i) Forthwith place such Unit upon such storage locations as directed by the Lessor;

(ii) Permit the Lessor to store such Unit at such location without charge for insurance, rent or storage until such Unit has been sold, leased or otherwise disposed of by the Lessor, and during such period of storage by Lessee shall continue to maintain all insurance required by Section 10 hereof; and

(iii) Transport such Unit one time to any railroad interchange point on the lines of a railroad operated by the Lessee in the continental United States as the Lessor may direct.

(b) Each such Unit when returned to the Lessor pursuant to Section 16.1(a) shall be in the condition required by Sections 6 and 7 hereof.

16.2 Lessor Appointed Lessee's Agent. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 16, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee,

with full power and authority, at any time while the Lessee is obligated to deliver possession of any Units to the Lessor pursuant to this Section 16, to demand and take possession of such Unit, in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Unit.

SECTION 17. LESSOR'S RIGHT TO PERFORM.

If the Lessee fails to make any payment required to be made by it hereunder or fails to perform or comply with any of its other agreements contained herein, the Lessor may itself make such payment or perform or comply with such agreement, after giving not less than five (5) Business Days' prior notice thereof to the Lessee in a reasonable manner, but shall not be obligated hereunder to do so, and the amount of such payment and of the reasonable expenses of the Lessor incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, together with interest thereon at the Late Rate, to the extent permitted by applicable law, shall be deemed to be Supplemental Rent, payable by the Lessee to the Lessor on demand.

SECTION 18. USE AND POSSESSION; SUBLEASES; ASSIGNMENT.

18.1 Covenant of Quiet Enjoyment. So long as no Event of Default shall have occurred and be continuing, the Lessor will not take any affirmative acts that interfere with the Lessee's right to the quiet enjoyment of, and the continued possession, use and operation of, any Unit during the Lease Term in respect of such Unit (it being understood that the foregoing shall not be deemed to have modified in any respect the obligations of Lessee pursuant to Section 2.5 hereof, which obligations are absolute and unconditional), and this Lease shall not be terminated except as expressly provided herein.

18.2 Lessee's Rights to the Equipment. The Lessee shall be entitled to the possession of the Units and to the use of the Units by it or any Affiliate upon lines of railroad owned or operated by it or any such Affiliate or upon lines of railroad over which the Lessee or any such Affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such Affiliate is regularly operated pursuant to contract and shall be entitled to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements, but only upon and subject to all of the terms and conditions of this Lease.

18.3 Subleases. So long as no Default or Event of Default shall have occurred and be continuing, the Lessee may, with the prior written consent of the Lessor, enter into any sublease with respect to any Unit; provided, that any such sublease (i)

shall be to a user incorporated in the United States or organized in Canada and shall be subject to completion of all filings in the United States and/or Canada which in the Lessor's opinion are necessary or appropriate to protect its rights hereunder and in any such Unit, (ii) if for a term of greater than one (1) year, shall be assigned to the Lessor as security for the obligations of the Lessee under this Lease and the other Lessee Agreements, (iii) shall be made subject and subordinate to this Lease, and (iv) shall be consistent with the provisions of the Tax Indemnity Agreement. No sublease shall in any way discharge or diminish any of the Lessee's obligations hereunder, and the Lessee shall remain primarily liable hereunder for the performance of all the terms, conditions and provisions of this Lease and the other Lessee Agreements to the same extent as if such sublease had not been entered into.

18.4 No Assignments. EXCEPT AS SPECIFICALLY PROVIDED HEREIN, LESSEE MAY NOT ASSIGN ANY INTEREST IN THIS LEASE TO ANY PERSON, AND ANY ATTEMPTED ASSIGNMENT SHALL BE VOID.

SECTION 19. PURCHASE OPTIONS; RENEWAL OPTIONS.

19.1 Lessee's Options to Purchase Equipment.

If no Event of Default has occurred and is continuing, the Lessee shall have the right to purchase on any Lease Term Expiration Date all but not less than all of the Units, upon irrevocable written notice from the Lessee to the Lessor not less than two hundred ten (210) days before the affected Lease Term Expiration Date, for a price equal to the then Fair Market Sales Value of such Units plus all other Rent then due on such Units.

If the Lessee shall have exercised its option to purchase the Equipment hereunder and shall have complied with the provisions of this Section 19.1, the Lessor shall convey to the Lessee on the Lease Term Expiration Date all right, title and interest of the Lessor in and to such Unit on an "AS-IS," "WHERE-IS" basis, without recourse or warranty except a warranty against Lessor's Liens. The Lessee agrees that it will make payment of the purchase price of the Units purchased under this Section 19.1 by wire transfer, by Noon (New York time) on the due date of such payment, of immediately available funds to the Lessor.

19.2 Renewal Option at Expiration of Basic Term. So long as no Default or Event of Default has occurred and is continuing, the Lessee shall have the right, upon irrevocable written notice from the Lessee to the Lessor at least two hundred ten (210) days before the earliest Basic Term Expiration Date or the earliest expiration date of the initial Renewal Term, as the case may be, to elect to renew this Lease

with respect to all but not less than all of the Units then subject to this Lease, for a Renewal Term of one year, commencing on the Renewal Term Commencement Date; provided, that the Lessee shall not exercise such option to renew this Lease more than twice. All of the provisions of this Lease other than Section 12, shall be applicable during each Renewal Term for such Units, except that (a) the Stipulated Loss Values for such Units and Termination Values for such Units shall be determined on the basis of the Fair Market Sales Value of such Unit as of the first day of such Renewal Term, reduced in equal increments on each Rent Payment Date during such Renewal Term, to the Fair Market Sales Value of such Unit as of the last day of such Renewal Term, but in no event shall the Stipulated Loss Values be less than the Stipulated Loss Values in effect on the last Rent Payment Date of the Basic Term, and (b) Basic Rent for such Units shall be equal to the Fair Market Rental Value for such Units, determined as of the first day of such Renewal Term, and shall be payable in arrears.

19.3 Determination of Fair Market Sales Value or Fair Market Rental Value. Not more than one (1) year nor less than three (3) months prior to the Lease Term Expiration Date, the Lessee may notify the Lessor that the Lessee desires a determination of the Fair Market Sales Value or Fair Market Rental Value of such Units, as the case may be. The Lessee's request for a determination of Fair Market Sales Value or Fair Market Rental Value shall not obligate the Lessee to exercise any of the options provided in this Section 19.

19.4 Re-delivery of Equipment. Unless the Lessee has elected to exercise its option to purchase the Units then leased hereunder pursuant to Section 19.1 hereof or the Lessee has elected to exercise its option to renew this Lease in respect of such Units as provided in Section 19.2, such Units shall be returned to the Lessor at the end of the Basic Term or any Renewal Term then in effect, as the case may be, for such Units, in accordance with Section 14 hereof.

SECTION 20. INTEREST ON OVERDUE RENT.

Anything to the contrary herein contained notwithstanding, any nonpayment of Rent due hereunder for any Unit shall result in the additional obligation on the part of the Lessee to pay as Supplemental Rent an amount equal to interest at the Late Rate on such overdue amounts for the period of time during which they were overdue and not paid.

SECTION 21. MISCELLANEOUS.

21.1 Notices. Unless otherwise expressly specified or permitted by the terms hereof, all communications and notices

provided for herein shall be effective when made in accordance with Section 9.2 of the Participation Agreement.

21.2 Execution in Counterparts. This Lease, and any amendment or supplement hereto may be executed in any number of counterparts, each executed counterpart constituting an original and in each case such counterparts shall constitute but one and the same instrument; provided, that to the extent this Lease constitutes chattel paper, no security interest may be created therein except through the transfer or possession of the original counterpart marked as "Counterpart Number 1."

21.3 Governing Law; Severability. This Lease, as extended, amended, modified, renewed or supplemented, shall be governed by and construed in accordance with the internal laws and decisions (as opposed to conflicts of law provisions) of the State of New York; provided, however, that the parties shall be entitled to all rights conferred by any applicable Federal statute, rule or regulation. Whenever possible, each provision of this Lease shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Lease shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Lease.

21.4 Headings and Table of Contents. The headings of the sections of this Lease and the Table of Contents are inserted for purposes of convenience only and shall not be construed to affect the meaning or construction of any of the provisions hereof.

21.5 Successors and Assigns. This Lease shall be binding upon and shall inure to the benefit of, and shall be enforceable by, the parties hereto and their respective successors and permitted assigns.


21.6 True Lease. It is the intent of the parties to this Lease that it will be a true lease and not a "conditional sale," and that the Lessor shall at all times be considered to be the owner of each Unit which is the subject of this Lease for the purposes of all Federal, state, city and local income taxes or for franchise taxes measured by net income, and that this Lease conveys to the Lessee no right, title or interest in any Unit except as lessee.

21.7 AMENDMENTS AND WAIVERS. NO TERM, COVENANT, AGREEMENT OR CONDITION OF THIS LEASE MAY BE TERMINATED, AMENDED OR COMPLIANCE THEREWITH WAIVED (EITHER GENERALLY OR IN A PARTICULAR INSTANCE, RETROACTIVELY OR PROSPECTIVELY) EXCEPT BY AN INSTRUMENT OR INSTRUMENTS IN WRITING EXECUTED BY EACH PARTY HERETO; PROVIDED, HOWEVER, ANY BREACH OR DEFAULT, ONCE WAIVED IN WRITING, SHALL NOT BE DEEMED CONTINUING FOR ANY PURPOSE OF THE OPERATIVE DOCUMENTS.

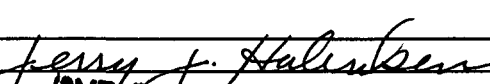
21.8 Survival. All warranties, representations, indemnities and covenants made by any party hereto, herein or in any certificate or other instrument delivered by any such party or on the behalf of any such party under this Lease, shall be considered to have been relied upon by each other party hereto and shall survive the consummation of the transactions contemplated hereby on any Closing Date regardless of any investigation made by any such party or on behalf of any such party.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective officers thereunder duly authorized as of the day and year first above written.

Lessor: THE CIT GROUP/EQUIPMENT FINANCING, INC.

By 
Name: PAUL LECHNER
Title: VICE PRESIDENT

Lessee: UNION PACIFIC RAILROAD COMPANY

By 
Name: Jerry F. Halverson
Title: AVP-SUP.

STATE OF Illinois)
COUNTY OF Peoria) SS:

On this 5 day of August 1991, before me personally appeared Paul J. Jackson to me personally known, who being duly sworn, says that he is a Vice Pres of THE CIT GROUP/EQUIPMENT FINANCING, INC., that said instrument was signed on August 5, 1991 on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Juliana Carol McFadden
Notary Public

[NOTARIAL SEAL]

My Commission Expires:

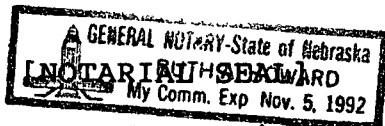
March 4, 1992

" OFFICIAL SEAL "
JULIANA CAROL McFADDEN
NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES 3/4/92

STATE OF Nebraska)
COUNTY OF Douglas) SS:

On this 1st day of August, 1991, before me personally appeared James J. Howard to me personally known, who being duly sworn, says that he is a AVP-Supply of UNION PACIFIC RAILROAD COMPANY, that said instrument was signed on 8/1, 1991 on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

James J. Howard
Notary Public



My Commission Expires: 11/5/92

APPENDIX I TO EQUIPMENT LEASE AGREEMENT
DEFINITIONS

General Provisions

The following terms shall have the following meanings for all purposes of the Operative Documents referred to below, unless otherwise defined in an Operative Document or the context thereof shall otherwise require. In the case of any conflict between the provisions of these Definitions and the provisions of the main body of any Operative Document, the provisions of the main body of such Operative Document shall control the construction of such Operative Document.

Unless the context otherwise requires, (i) references to agreements shall be deemed to mean and include such agreements as the same may be amended, supplemented and otherwise modified from time to time, and (ii) references to parties to agreements shall be deemed to include the successors and permitted assigns of such parties.

Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of the Operative Documents, this shall be done in accordance with generally accepted accounting principles at the time in effect, to the extent applicable, except where such principles are inconsistent with the requirements of any Operative Document.

Defined Terms

"AAR" shall have the meaning specified in Section 3.1(i) of the Participation Agreement.

"Accountants" shall have the meaning specified in Section 6.1(f) of the Participation Agreement.

"Adjustment Event" shall have the meaning specified in Section 2.3(a) of the Lease.

"Adjustment Factor" shall mean for every basis point change in the Treasury Rate from 7.83%, the base rent factors will be adjusted +/-:

For Units purchased on or after June 28, 1991 and before September 15, 1991:

Factor 1-60	-	.0005032%
Factor 61-120	-	.0006152%

For Units purchased on or after September 15, 1991 and before December 15, 1991:

Factor 1-60	-	.0004928%
Factor 61-120	-	.0006032%

For Units purchased on or after December 15, 1991:

Factor 1-60	-	.000484%
Factor 61-120	-	.000592%

"Affiliate" of any Person shall mean any other Person which directly or indirectly controls, or is controlled by, or is under a common control with, such Person. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"After-Tax Basis" shall mean, with respect to any payment received or deemed to have been received by any Person, the amount of such payment supplemented by a further payment to that Person so that the sum of the two payments shall be equal to such payment received or deemed to have been received, after deduction of all Federal, state and local income taxes (taking into account any credits or deductions arising therefrom and the timing thereof), calculated using the assumption that such Person is fully taxable for Federal, state and local income tax purposes at the maximum rate of Federal income taxation applicable to corporations, and at the maximum composite rate of state and local income taxation applicable to such Person, at the time such payment is received or deemed to have been received.

"Applicable Law" shall mean all applicable laws (foreign or domestic), treaties, judgments, decrees, injunctions, writs and orders of any court, governmental agency or authority and rules, regulations, orders, directives, licenses and permits of any governmental body, instrumentality, agency or authority, including without limitation, all rules and regulations of the United States Department of Transportation, the Federal Railroad Administration and the ICC and the current interchange rules or supplements thereto of the Association of American Railroads, as the same may be in effect from time to time.

"Appraiser" shall mean Norman W. Seip & Associates Management Consultants.

"Assessment" shall have the meaning given in Section 6.1(g)(i) of the Participation Agreement.

"Bankruptcy Code" shall mean the United States Bankruptcy Reform Act of 1978, as amended from time to time, 11 U.S.C. § 101 et seq.

"Basic Rent" (i) during the Basic Term for any Unit, shall have the meaning specified in Section 2.1(b) of the Lease; (ii) during any Renewal Term for any Unit, shall mean all rent payable pursuant to Section 19.2 of the Lease; and (iii) during any extension of the Lease Term pursuant to Section 14 of the Lease, shall mean all rent payable pursuant to Section 14 of the Lease.

"Basic Rent Factor" shall mean, for any Unit, the percentage applicable to such Unit listed in the applicable Schedule 1 attached to the Lease Supplement for such Unit.

"Basic Term" shall have the meaning specified in Section 3 of the Lease.

"Basic Term Commencement Date" shall mean:

for Units acquired by Lessor on or after June 28, 1991, but before September 15, 1991, December 15, 1991;

for units acquired by Lessor on or after September 15, 1991, but before December 15, 1991, March 15, 1992;

for Units acquired by Lessor on or after December 15, 1991, June 15, 1992.

"Basic Term Expiration Date" shall mean, for each Unit, one hundred twenty (120) months after the Basic Term Commencement Date for such Unit.

"Bill or Bills of Sale" shall have the meaning specified in the recitals to the Participation Agreement.

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which banks in New York, New York are authorized or permitted to be closed in the states where any party obligated to make, or receive, any payment under the Operative Documents has its principal place of business.

"Closing Date" shall have the meaning specified in Section 2.2(a) of the Participation Agreement.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, or any successor Federal income tax statute.

"Daily Basic Rent Factor" shall mean, for any Unit, the percentage applicable to such Unit listed in the applicable Schedule 2 to the Lease Supplement for such Unit.

"Default" shall mean an event which with notice or lapse of time or both would become an Event of Default.

"Delayed Closing Date" shall have the meaning specified in Section 2.2(d) of the Participation Agreement.

"Deposit" shall have, in the context of a contest pursuant to Section 6.1(g)(iii)(2) of the Participation Agreement, the meaning specified in such Section 6.1(g)(iii)(2) and, in the context of a contest pursuant to Section 8 of the Tax Indemnity Agreement, the meaning specified in Section 8.03(b) therein.

"Equipment" shall mean collectively those items of railroad rolling stock described in the Lease Supplements, together with any and all accessions, additions, improvements and replacements from time to time incorporated or installed in any item thereof which are the property of the Owner Trustee pursuant to the terms of the Lease, and "Unit" or "Item" shall mean individually the various items thereof.

"Equipment Cost" shall mean, for each Unit, Twenty Five Thousand Dollars (\$25,000).

"Event of Default" shall have the meaning specified in Section 15 of the Lease.

"Event of Loss" shall have the meaning specified in Section 11.1 of the Lease.

"Fair Market Rental Value" or "Fair Market Sales Value" of the Equipment or any Unit thereof shall mean the value which would be determined for such Unit or Units in an arm's-length transaction between an informed and willing lessee-user or buyer-user (other than a lessee currently in possession or a used equipment dealer) under no compulsion to lease or buy, as the case may be, and an informed and willing lessor or seller, as the case may be, under no compulsion to lease or sell, as the same shall be specified by agreement between the Lessor and the Lessee or, if not agreed to by the Lessor and the Lessee (or the Seller, in the case of the exercise of a purchase option) within a period of 30 days after either party requests a determination, then as specified in an appraisal prepared by an appraiser mutually acceptable to the Lessor and the Lessee, which determination shall be made (i) without deduction for any costs of removal of such Unit from the location of current use, and (ii) on the assumption that such Unit is free and clear of all liens other than Lessor's Liens and is in the condition and repair in which it is required to be returned pursuant to Section 14 of the Lease; provided, however, that the determination of Fair Market Rental Value or Fair Market Sales Value for the purposes of Sections 7(b) or 15.4 of the Lease shall be based on the actual condition of such Unit or Severable Modification (as the case may be) at the time of such determination and shall take into account all liens (other than Lessor's Liens) on such Unit or Severable Modification (as the case may be) and any legal impediments to the prompt leasing of such Unit or Severable Modification (as the case may be) by a

Person other than the Lessee, notwithstanding the provisions of clause (ii) of this sentence. The Lessee (or the Lessor in the case of a purchase of a Severable Modification pursuant to Section 7(b) of the Lease) shall bear all costs and expenses of such appraisal. In the event that the parties fail to appoint such a mutually acceptable appraiser within fifteen (15) days after the expiration of the thirty-day period following the request for a determination, then such value shall be as specified in an appraisal prepared and mutually agreed to by three recognized independent appraisers, the first two of which shall be appointed within fifteen (15) days after the expiration of such fifteen (15) day period for appointing a mutually acceptable appraiser, one by the Lessor and the other by the Lessee, and the other of which shall be appointed by mutual consent of the two previously appointed appraisers within thirty (30) days of the appointment of the last appointed of the two. If either party should fail to appoint an appraiser within fifteen (15) days of receiving notice of the appointment of an appraiser by the other party, then such appraisal shall be made by the appraiser appointed by the party providing such notice. If the two previously appointed appraisers cannot agree upon a mutually acceptable third appraiser within thirty (30) days after the appointment of the second appraiser, then either party may apply to the American Arbitration Association to make such appointment. The appraisal shall be completed within thirty (30) days of the appointment of the last appraiser appointed. Notwithstanding the foregoing, if at the time any such appraisal is requested, a Default or an Event of Default has occurred and is continuing, then such appraisal shall be made by an appraiser appointed by the Lessor. If the parties shall have appointed a single appraiser, the determination of values by such appraiser shall be final. If three appraisers shall be appointed, the values determined by the three appraisers shall be averaged, the determination which differs most from such average shall be excluded, the remaining two determinations shall be averaged and such average shall be the final determination. If three appraisers shall be appointed, each party shall bear the costs and expenses of the appraiser selected by it and the Lessor and the Lessee shall bear the costs and expenses of the third appraiser equally.

"Final Determination" shall have the meaning specified in Section 6.1(g)(iii)(5) of the Participation Agreement.

"ICC" shall mean the Interstate Commerce Commission.

"Income Inclusions" shall have the meaning specified in Section 1 (v) of the Tax Indemnity Agreement.

"Indemnified Person" shall have the meaning specified in Section 6.2(b) of the Participation Agreement.

"Indemnified Tax" shall have the meaning specified in Section 6.1(c) of the Participation Agreement.

"Indemnatee" shall have the meaning specified in Section 6.1(a) of the Participation Agreement, unless otherwise defined in any Operative Document.

"Indemnity Payment" shall mean any payment made by the Lessee to an Indemnatee or Indemnified Person pursuant to Section 6 of the Participation Agreement or to the Lessor pursuant to the Tax Indemnity Agreement.

"Initial Lease Schedules" shall have the meaning specified in Section 2.2(b)(i) of the Participation Agreement.

"Interchange Rules" shall mean the interchange rules or supplements thereto of the Mechanical Division of the Association of American Railroads, as the same may be in effect from time to time.

"Interim Rent" shall mean, with respect to any Unit, all rent payable by the Lessee to the Lessor on the Basic Term Commencement Date pursuant to Section 2.1(a) of the Lease.

"Interim Term" shall have the meaning specified in Section 3 of the Lease.

"IRS Guidelines" shall mean the guidelines set forth in Rev. Proc. 75-21, 1975-1 C.B. 715, as further set forth in Rev. Proc. 75-28, 1975-1 C.B. 752, and as modified in Rev. Proc. 76-30, 1976-2 C.B. 647 and Rev. Proc. 79-48, 1979-2 C.B. 529, that are applied by the Internal Revenue Service in determining, for advance ruling purposes, whether leveraged lease transactions (other than transactions which are treated as leases pursuant to Section 168(f)(8) of the Code) are leases for Federal income tax purposes.

"Late Rate" shall mean interest at a rate equal to fourteen percent (14%) per annum.

"Lease" or "Lease Agreement" or "Equipment Lease" shall mean the Equipment Lease Agreement dated as of July 31, 1991 between the as Lessor, and the Lessee as amended, supplemented or otherwise modified from time to time.

"Lease Supplement" shall mean a Lease Supplement dated a Closing Date, substantially in the form of Exhibit A to the Lease, between the Lessor and the Lessee, covering the Units delivered on such Closing Date.

"Lease Term" shall mean, with respect to any Unit, the Interim Term applicable to such Unit, the Basic Term, any Renewal Term then in effect and any extension of the Basic Term or any Renewal Term for such Unit pursuant to Section 14 of the Lease.

"Lease Term Expiration Date" shall mean expiration of the Basic Term or, if applicable, the last Renewal Term in effect for all of the Units.

"Lessee" shall mean Union Pacific Railroad Company, a Utah corporation, and any corporation which succeeds thereto by merger or consolidation or which acquires all or substantially all of the assets thereof.

"Lessee Agreements" shall mean the Operative Documents to which the Lessee is a party.

"Lessee Person" shall have the meaning specified in Section 5.01 of the Tax Indemnity Agreement.

"Lessee's Tax Counsel" shall have the meaning specified in Section 6.1(g)(ii)(1)(B) of the Participation Agreement.

"Lessor" shall mean The CIT Group/Equipment Financing, Inc., a New York corporation and any corporation which succeeds thereto by merger or consolidation or which acquires all or substantially all of the assets thereof, and any Transferee thereof.

"Lessor Agreements" shall mean the Operative Documents to which the Lessor is a party.

"Lessor's Liens" means any Lien affecting, on or in respect of the Equipment or the Lease arising as a result of (i) claims against or affecting the Lessor not related to the transactions contemplated by the Lease or the Participation Agreement, or (ii) acts or omissions of the Lessor not related to the transactions contemplated by the Lease or the Participation Agreement or not permitted under the Lease or under the Participation Agreement or in breach of any covenant or agreement of such Person set forth in any of the Operative Documents, or (iii) taxes imposed against the Lessor which are not indemnified against by the Lessee pursuant to the Participation Agreement or under the Tax Indemnity Agreement, or (iv) claims against the Lessor arising out of the voluntary transfer of the Lessor of all or any portion of its interest in the Equipment or the Operative Documents, other than a transfer pursuant to Sections 11, 15.2 or 19 of the Lease.

"Lien" shall mean any mortgage, pledge, security interest, lien, encumbrance, disposition of title or other charge of any kind on property.

"Modifications" shall have the meaning specified in Section 7 of the Lease.

"Net Return" of the Lessor shall mean the Lessor's anticipated after-tax nominal yield utilizing the multiple investment sinking fund method of analysis computed on the basis

of the same methodology and assumptions as were utilized by the Lessor in entering into the transactions contemplated by the Participation Agreement and the Lease.

"Non-Severable Modification" shall mean any Modification that is not readily removable without causing damage to or diminishing the value, utility or remaining useful life of the Equipment or any Unit.

"Officer's Certificate" shall mean a certificate signed (i) in the case of a corporation by the President, any Vice President, the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary of such corporation, and (ii) in the case of a commercial bank or trust company, the Chairman or Vice Chairman of the Executive Committee or the Treasurer, any Trust Officer, any Vice President, any Executive or Senior or Second or Assistant Vice President, or any other officer or assistant officer customarily performing the functions similar to those performed by the persons who at the time shall be such officers, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with the particular subject.

"Operative Documents" shall mean the Participation Agreement, the Bills of Sale, the Lease, each Lease Supplement, and the Tax Indemnity Agreement.

"Parent" shall mean any person which directly or indirectly controls Lessee.

"Participation Agreement" shall mean the Participation Agreement dated as of July 31, 1991, between the Lessee and the Lessor.

"Parts" means all appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment of whatever nature which may from time to time be incorporated or installed in or attached to the Equipment.

"Permitted Liens" with respect to the Equipment and each Unit, shall mean: (i) the interests of the Lessee and the Lessor under the Lease and the Lease Supplements; (ii) the interest of the Lessee and any sublessee as provided in any sublease permitted pursuant to Section 18.3 of the Lease; (iii) any Liens thereon for taxes, assessments, levies, fees and other governmental and similar charges not due and payable or the amount or validity of which is being contested so long as there exists no non-de-minimis risk of sale, forfeiture, loss, or loss of use of any Unit; (iv) any Liens of mechanics, suppliers, materialmen, laborers, employees, repairmen and other like Liens arising in the ordinary course of business securing obligations which are not due and payable or the amount or validity of which

is being contested so long as there exists no non-de-minimis risk of sale, forfeiture, loss, or loss of use of any Unit; (v) the respective rights of the Lessor under the Operative Documents; (vi) Liens arising out of any judgment or award against the Lessee (or any sublessee permitted pursuant to Section 18.3 of the Lease) with respect to which an appeal or proceeding for review is being presented in good faith and with respect to which there shall have been secured a stay of execution pending such appeal or proceeding for review; and (vii) any other Lien with respect to which the Lessee (or any sublessee) shall have provided a bond adequate in the reasonable opinion of the Lessor.

"Person" shall mean an individual, partnership, corporation, trust, association or unincorporated organization, and a government or agency or political subdivision thereof.

"Reasonable Basis" with respect to a position shall mean the standard whereby tax counsel may properly advise reporting such position on a tax return in accordance with Formal Opinion 85-352 issued by the Standing Committee on Ethics and Professional Responsibility of the American Bar Association.

"Renewal Term" shall mean any term in respect of which the Lessee shall have exercised its option to renew the Lease pursuant to and in accordance with Section 19.2 thereof.

"Renewal Term Commencement Date" shall mean, with respect to any Unit, the first day following the end of the Basic Term or the initial Renewal Term if a renewal has been effected.

"Rent" shall mean all Basic Rent, Interim Rent and Supplemental Rent.

"Rent Payment Date" or "Payment Date" shall mean, with respect to any Unit, the 15th day of each month occurring during the Basic Term or any Renewal Term for such Unit, starting on January 15, 1992 and including the Basic Term Expiration Date for such Unit; provided, that if any such date shall not be a Business day, then "Rent Payment Date" or "Payment Date" shall mean the next succeeding Business Day.

"Required Modification" shall have the meaning specified in Section 6 of the Lease.

"Responsible Officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of any party contained in any Operative Document, the President, or any Vice President, Assistant Vice President, Treasurer, Assistant Treasurer or other officer, who in the normal performance of his operational responsibility would have

knowledge of such matters and the requirements with respect thereto.

"Self-Insurance Program" shall have the meaning specified in Section 10.2 of the Lease.

"Severable Modification" shall mean any Modification that is readily removable without causing damage to or diminishing the value, utility or remaining useful life of the Equipment or any Unit.

"Specifications" shall mean the statement of specifications for new and remanufactured railcars and locomotives of the applicable manufacturer or remanufacturer of each Unit of Equipment, which specifications (i) are in compliance with AAR Guidelines For Rebuilding Freight Cars (General Specification No. 12-14-89, dated December 14, 1989), AAR Specification M-1001, Specifications for Design, Fabrication and Construction of Freight Cars (latest revision) and all other rules and regulations of the AAR and (ii) have been delivered by the Lessee to the Lessor and to the Appraiser prior to the initial Closing Date.

"Stipulated Loss Factor" shall mean, for any Unit, the percentage applicable to such Unit listed in the applicable Schedule 3 to the Lease Supplement for such Unit.

"Stipulated Loss Payment Date" shall mean the 15th day of any calendar month.

"Stipulated Loss Value" shall mean, with respect to any Unit, during the Interim Term and the Basic Term for such Unit, the amount determined in accordance with Section 11.5 of the Lease and the applicable Schedule 3 to the Lease Supplement for such Unit, and during any Renewal Term, the amount determined in accordance with Section 19.2 of the Lease.

"Storage Period" shall have the meaning specified in Section 14 of the Lease.

"Subsidiary" of any Person shall mean any corporation, association, or other business entity of which more than 50% (by number of votes) of the voting stock at the time outstanding shall at the time be owned, directly or indirectly, by such Person or by any other corporation, association or trust which is itself a Subsidiary within the meaning of this definition, or collectively by such Person and any one or more such Subsidiaries.

"Supplemental Rent" shall mean all amounts, liabilities and obligations (other than Interim Rent or Basic Rent) which the Lessee is obligated to pay under the Operative

Documents to or on behalf of any of the other parties thereto, including, but not limited to, Stipulated Loss Value payments, and amounts, if any, payable, under Section 8 of the Participation Agreement (to the extent such payment does not give rise to a rental adjustment under Section 2.3 of the Lease by the Lessee.

"Tax Indemnity Agreement" shall mean the Tax Indemnity Agreement dated as of July 31, 1991 between the Lessee and the Lessor.

"Tax Payment" shall have the meaning specified in Section 6.1(g)(iii)(2) of the Participation Agreement.

"Taxes" shall have the meaning specified in Section 6.1(a) of the Participation Agreement.

"Terminated Units" shall have the meaning specified in Section 12.1 of the Lease.

"Termination Date" shall have the meaning specified in Section 12.1 of the Lease.

"Termination Factor" shall mean, with respect to any Unit, the percentage applicable to such Unit listed in the applicable Schedule 4 attached to the Lease Supplement for such Unit.

"Termination Value" shall mean, with respect to any Unit, an amount determined in accordance with Section 12 of the Lease and the applicable Schedule 4 of the Lease Supplement for such Unit.

"Total Equipment Cost" shall mean the sum of the Equipment Cost for each Unit accepted under the Lease.

"Transaction Costs" shall have the meaning specified in Section 8 of the Participation Agreement.

"Transferee" shall have the meaning specified in Section 5.1(a) of the Participation Agreement.

"Treasury Rate" shall mean the rate per annum equal to the yield to maturity for the U.S. Treasury Security having a remaining term to maturity closest to 7 years at the close of business on the first business day prior to funding as reported on page 5 ("U.S. Treasury and Money Markets") of the information ordinarily provided by Telerate Systems Incorporated.

"Treasury Regulations" shall mean the regulations issued by the Treasury Department under the Code.

"Unit" or "Item" shall mean each unit or item of the Equipment.

APPENDIX II

ORIGINAL PRICING ASSUMPTIONS

Exhibit A to
Equipment Lease Agreement

LEASE SUPPLEMENT NO. ____

Dated as of _____, 1991

between

THE CIT GROUP/EQUIPMENT FINANCING, INC.,

Lessor

and

UNION PACIFIC RAILROAD COMPANY,

Lessee

FILED WITH THE INTERSTATE COMMERCE COMMISSION

PURSUANT TO 49 U.S.C. § 11303

ON _____, 1991 AT _____ .M.

RECORDATION NUMBER _____

COUNTERPART NUMBER ____

EXHIBIT A TO EQUIPMENT LEASE AGREEMENT

LEASE SUPPLEMENT NO. 1

THIS LEASE SUPPLEMENT NO. 1, entered into this _____ day of, _____ 1991 (this "Supplement"), between THE CIT GROUP/EQUIPMENT FINANCING, INC., a New York corporation (the "Lessor") and UNION PACIFIC RAILROAD COMPANY, a Utah corporation (the "Lessee") with reference to the following:

W I T N E S S E T H:

WHEREAS, the Lessor and the Lessee have entered into that certain Equipment Lease Agreement dated as of July __, 1991 (the "Lease"). Unless otherwise defined herein, capitalized terms used herein shall have the meanings specified in the Lease;

WHEREAS, the Participation Agreement and the Lease provide that on each Closing Date, Lessee shall deliver to Lessor a Bill of Sale, dated such date, pursuant to which Lessee bargains, conveys, assigns, sets over, sells and delivers to Lessor, and Lessor purchases and accepts from Lessee, the Units to be conveyed on such Closing Date, and such Bill of Sale has been delivered by Lessee and accepted by Lessor on such Closing Date;

WHEREAS, the Lease provides for the execution and delivery of a Lease Supplement substantially in the form hereof for the purpose of confirming the acceptance and lease of the Units under the Lease as and when delivered by Lessor to Lessee in accordance with the terms thereof;

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, Lessor and Lessee hereby agree as follows:

1. Lessee hereby acknowledges, confirms and warrants that (a) the Equipment has been inspected and approved by the Mechanical Division of the AAR and approved by the Transportation Division of the AAR in accordance with Rule 88, (b) the Lessee has filed the applicable letter of intent and Form A (with all supporting documentation) and has complied with all other rules and requirements of the AAR in respect of the Units listed on Schedule I Part A hereto, and (c) such Units comply in all material respects with the Specifications for such Units and are in good working order.

2. Lessor hereby confirms delivery and lease to Lessee, and Lessee hereby confirms acceptance and lease from Lessor, under the Lease as hereby supplemented, of the Units listed on Schedule I Part A hereto. The aggregate Equipment Cost of such Units is set forth in Schedule I Part B hereto.

3. Lessee hereby represents and warrants that as of the date hereof (a) no Event of Loss has occurred with respect to the Units set forth on Schedule I Part A hereto; (b) the representations and the warranties of Lessee contained in any

Operative Document to which it is a party and in any certificate delivered pursuant thereto are true and correct as of the date hereof; and (c) as of the date hereof, there is no Default or Event of Default under the Lease.

4. The Closing Date of the Units described in Schedule I hereto is the date of this Lease Supplement set forth in the opening paragraph hereof.

5. The Interim Rent Factor, Basic Rent Factors, Daily Basic Rent Factors, Stipulated Loss Factors and Termination Factors applicable in respect of such Units are set forth, respectively, on Schedules II, III, IV and V hereto, respectively.

6. Lessee hereby confirms its agreement, in accordance with the Lease as supplemented by this Lease Supplement to pay Rent to Lessor for each Unit leased hereunder as provided for in the Lease.

7. The execution and delivery of this Lease Supplement will in no way relieve or decrease the responsibility of any manufacturer or remanufacturer for the warranties it has made with respect to any Unit.

8. Any and all notices, requests, certificates and other instruments executed and delivered after the execution and delivery of this Lease Supplement may refer to the "Lease Agreement dated as of July 31, 1991," the "Lease dated as of July 31, 1991" or the "Equipment Lease Agreement dated as of July 31, 1991," or may identify the Lease in any other respect without making specific reference to this Lease Supplement, but nevertheless all such references shall be deemed to include this Lease Supplement, unless the context shall otherwise require.

9. This Lease Supplement shall be construed in connection with and as part of the Lease, and all terms, conditions and covenants contained in the Lease shall be and remain in full force and effect.

10. This Lease Supplement may be executed in any number of counterparts, each executed counterpart constituting an original but all together one and the same instrument; provided, that to the extent this Lease Supplement constitutes chattel paper, no security interest may be created therein except through the transfer or possession of the original counterpart marked "Counterpart No. 1."

11. This Lease Supplement is being delivered in the State of New York and shall in all respects be governed by, and construed in accordance with, the laws of the State of New York, including all matters of construction, validity and performance.

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Lease Supplement to be duly executed and delivered on the day and year first above written.

Lessor: THE CIT GROUP/EQUIPMENT FINANCING, INC.

By: _____
Name: _____
Title: _____

Lessee: UNION PACIFIC RAILROAD COMPANY

By: _____
Name: _____
Title: _____

STATE OF _____)
) SS:
COUNTY OF _____)

On this _____ day of _____, 1991,
before me personally appeared _____, to me
personally known, who being duly sworn, says that [he] [she] is
a _____ of THE CIT GROUP/EQUIPMENT FINANCING, INC., that
said instrument was signed on _____, 1991 on behalf
of said corporation by authority of its Board of Directors, and
[he] [she] acknowledged that the execution of the foregoing
instrument was the free act and deed of said corporation.

Notary Public

[NOTARIAL SEAL]

My Commission Expires:

STATE OF _____)
) SS:
COUNTY OF _____)

On this _____ day of _____, 1991, before
me personally appeared _____, to me personally
known, who being duly sworn, says that [he] [she] is
a _____ of UNION PACIFIC RAILROAD COMPANY,
that said instrument was signed on _____, 1991 on behalf
of said corporation by authority of its Board of Directors, and
[he] [she] acknowledged that the execution of the foregoing
instrument was the free act and deed of said corporation.

Notary Public

[NOTARIAL SEAL]

My Commission Expires:

Schedule I

Part A

<u>Number of Units</u>	<u>Specification Number</u>	<u>Unit Numbers</u>	<u>Serial Numbers</u>	<u>Unit AAR "Birthdate"</u>
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Part B

The aggregate Equipment Cost of all the Units described in Part A above is _____ Dollars (\$_____).

SCHEDULE II

INTERIM RENT FACTOR AND BASIC RENT FACTORS

Rent Payment Date

Factor

SCHEDULE III

DAILY BASIC RENT FACTORS

SCHEDULE IV
STIPULATED LOSS FACTORS

SCHEDULE V
TERMINATION FACTORS